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ABSTRACT

This report describes a financial and governance crisis that occurred in the California Community Colleges between 1981 and 1987. Following prefatory materials, chapter 1 provides an overview of the system, describing growth between 1950 and 1980, funding, governance, and the colleges' mission. Chapter 2 presents background to the crisis up to 1981, highlighting the beginnings of the system from 1907 to 1945; its separation from public schools in 1969; and the effects of 1978's Proposition 13, which reduced property taxes and thus college revenues. Chapter 3 discusses the onset of the crisis from 1981 to 1983, including controversy over the colleges' mission, cuts in state aid, and plans to implement student fees for the first time, while chapter 4 reviews the continuation of the crisis from 1983 to 1985, including a standoff between the colleges and the state's Governor over funding and the fee controversy, as well as state legislation and other efforts to reform college mission and governance. Chapter 5 discusses the climax of the crisis in 1985-86, highlighting reform efforts made by a new system chancellor, efforts to review the colleges' funding mechanism, and recommendations to revise the state's Master Plan and address problems of governance and access. The final chapters review the end of the crisis in 1986-87 with a new budget and summarize issues related to mission, governance, and funding. Contains 148 references. (HAA)

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THE CALIFORNIA COMMUNITY COLLEGE CRISIS: A STUDY OF MISSION, GOVERNANCE, AND FUNDING 1981-1987

BY

LOWELL JANES ERICKSON, Ph. D.

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PREFACE

The present study, The California Community College Crisis: A Study of Mission, Governance, and Funding, 1981-1987,, is part of a larger project. Two other reports have also been produced as parts of this project:

1. The Community College Crisis in California and Los Angeles, 1981-1987. Ph.D. Dissertation. University of California, Los Angeles, 1997.

2. The Los Angeles Community College District Crisis, 1981-1987. Los Angeles: L.A. Valley College, 1997.

The present study, and the one specifically on the Los Angeles Community College District, provide a detailed narrative of events for 1981-87 and briefly describe developments before and after this period. The dissertation summarizes the events, but is primarily an analysis of four factors--mission, governance, funding and enrollment-- and of three crisis criteria.

Lowell Janes Erickson, Ph.D.
Van Nuys, California
March, 1997

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I owe a debt of gratitude to Dr. David Wolf, executive director for community colleges, Western Association for Schools and Colleges, who introduced me to organizational theory and whose faith in my completing the project never failed.

I have not acknowledged the individuals I interviewed, because my agreement with them was that I would exchange anonymity for their complete candor. I know this is a controversial issue among social science interviewers, but I decided that getting the full cooperation of the subjects was more important than identifying them.

Finally, I want to acknowledge three close friends were always ready to discuss the project and give suggestions: Robert Hencey, director of communications at the Kellogg Foundation; Joe Hinojosa, Los Angeles Trade-Technical College printing professor, now emeritus; and Neil Farren, Los Angeles Mission College philosophy professor, now emeritus.

Chapter One: INTRODUCTION

I. The Growth Era, 1950-80

The American community college experienced a period of unprecedented growth and development from 1950 to 1980. While the population of the country grew by about half and total U. S. higher educational enrollments expanded eight times, the community college enjoyed an enrollment expansion of nearly twenty times, from 217,572 in 1950 to 4,487,928 in 1980 (Gilley, 1983; 205).

Enrollments in the higher educational institutions of all industrial nations multiplied during this same period, but the growth of the American higher educational system, and particularly the community colleges, was unique. Colleges and universities in the United States enrolled a much higher percentage of the college age population than did other countries. Even after the enrollment growth of the three post-World War II decades, only 14 to 16 percent of college age students took degree courses in Western Europe, while the figure was no less than 49 percent in the United States (Perkin, 1984; 45). Much of the enrollment growth in the United States was absorbed by the community college. Other nations created or expanded non-university institutions which, though not having exactly the same educational functions as American community colleges, served similar purposes within the higher education systems of these nations. These purposes included reducing enrollment pressures on the universities, increasing access to higher education, and providing alternative forms of instruction. In most other nations, non-university institutions had limited success. Trow (1984; 487) observed that the United States and Japan were "conspicuous exceptions" to the general situation, namely that most enrollment growth after World War II was absorbed by universities, with the new sectors enrolling, at the maximum, only 10 to 20 percent of the students in higher education. In the United States, on the other hand, the proportion of higher education students enrolled in community colleges increased from one in ten in 1950 to better than one in three in 1980, which meant that during this period community colleges absorbed 44 percent of the total increase in higher educational enrollments.

Community colleges were able to play this special role in America because of growth in the size of institutions, in the number of colleges, and in part-time students. The average community college increased from an enrollment of around 700 students in 1950 to 4600 in 1980. The number of institutions grew from approximately 330 in 1950 to 1047 public two-year colleges in 1980 (Cohen and Brawer, 1982; 10-11, 33). By 1979 part-time students had increased to nearly two-thirds of community college enrollments, while their proportion in the rest of higher education did not yet approach one-third . The 2.6 million part-time community college students constituted over half of the part-time enrollments in all of U. S. higher education (Breneman and Nelson, 1981a; 10-11, 23-24).

The distribution of community colleges and enrollments has never been uniform throughout the United States, though the growth from 1950-1980 brought about a more even distribution than had previously been the case. California had long been the state with the greatest number of community colleges and largest student enrollments. By 1979 California had 107 of these colleges with combined enrollments of over a million students, or about one-fourth of community college enrollments nationwide. The seven states of

California, Florida, Illinois, Michigan, New York, Texas, and Washington accounted for nearly three-fifths of community college students in the nation (Breneman and Nelson, 1981a; 7-10)

The large enrollment growth during this period was supported by greatly increased funding for higher education. From a $2.5 billion enterprise in 1952, higher education grew to a $52 billion enterprise in 1979. The community college share of these revenues increased from 3.4 to 12.1 percent (Breneman and Nelson, 1981a; 12).

The ways in which the community colleges were controlled and financed varied considerably throughout the nation. Breneman and Nelson (1981a, 27) commented that "almost any governance arrangement conceivable can be found in one of the fifty states." A 1977 survey conducted by the American Association of Community and Junior Colleges identified 545 local governing boards located in 31 states (which excluded local advisory boards, found in most of the other states), statewide governing boards (as opposed to coordinating boards) operating 217 colleges in 21 states and 102 colleges governed in some other way, including those within university systems. States with local governing boards also had some form of state coordinating group for the community colleges and often a super board regulated all of higher education in the state. The arrangements for financing these institutions was equally complex and usually combined federal, state, local and tuition funding.

By the late 1970's, the American community college was unique among higher educational systems of the world. It had enjoyed unprecedented growth, although part-time enrollments made up an increasing portion of the gain. It had experienced a large increase in the number of institutions, although its development continued to be highly concentrated within a limited number of states. And it was governed and financed through a complicated entanglement of state and local arrangements unusual even for the decentralized American system of higher education.

During the 1970's higher education was confronted by changing circumstances that would have profound effects on it in the following decade, but which would have particular significance for the public two-year colleges. Four trends had become evident: (1) the meteoric rise in enrollments, achieved in most of the previous thirty years, was beginning to falter and was projected to decline during the 1980's; (2) funding, already showing signs of weakening during the earlier 1970's, was leveling off and for some institutions decreasing; (3) state governments, which were assuming an ever greater portion of the financial burden, were becoming more and more involved in coordinating and controlling higher education; and (4) the expansive goals of higher education were being questioned, particularly with regard to the mission of the community college.

II. Funding

Community colleges are labor intensive organizations whose work is performed by professional employees, not by equipment and machinery. The financial plight of such educational organizations was forecast as early as 1968 by P. H. Coombs in The World Educational Crisis . Teacher productivity does not match the rise in teachers' salaries, so unit costs increase and educational institutions must have more financial support just to maintain existing services (in Cohen and Brawer, 1982; 137).

In 1970, Cheit studied the finances of 41 institutions and announced what he called The New Depression in Higher Education (1971, passim.) He observed that beginning in the

late 1960's the rate of expenditure growth was outstripping the rise in revenues. Private institutions faced the greatest plight while public two-year colleges were one of two categories of institutions less likely to have difficulty. Two years later, Cheit (1973; 2) reexamined the same institutions and found that private institutions were doing more to remedy their situations than were public ones, and that his previous optimistic assumptions about the community colleges were not being borne out.

Not as well known as the Cheit study, Managing Finances in the Community Colleges was written in 1973 by the retired president of Los Angeles City College, Dr. John Lombardi. Lombardi concluded that "the financial crisis in education" had reached serious proportions in the 1960's, and there was little hope for improvement in the 1970's (1-15). He showed considerable foresight by anticipating that local taxpayers would seek tax relief through referendum measures if legislatures did not take action, that full state support was likely in the future, that the state would give greater direction along with greater funding, and that outright tuition would have to be charged by states that did not yet have it (26-40).

In 1976, Change found that while only 43.9 percent of institutions were rated in their two "healthy" categories, 69.5 percent of the public two-year colleges were included in those categories. Change concluded that generally "public two-year colleges proved more healthy than any single group" (Lupton, Augenblick, and Heyison, 1976; 4-7). Reasons given for this conclusion were that community colleges typically received support from both state and local sources and were able to charge low tuition. Just a year before the Change article was published, however, a crisis hit the New York City community colleges that proved how fragile these two so-called advantages could be during a time of adversity. When New York City's finances nearly collapsed in 1975, the bail-out package required drastic reductions in community college budgets and the imposition of high tuition. This resulted in curtailed services, plummeting enrollments and a substantial closing of the "open door." The most ominous aspect of the New York City experience was that the community colleges received the largest percentage of revenue reduction of all city-supported services, including the four-year colleges (Sussman, 1977; 37-39).

During the 1960's and 1970's, a considerable shift from local to state sources occurred in community college funding. A national study of their finances by Breneman and Nelson described this phenomenon: "In 1958 nearly 43 percent of total operating expenses came from local sources, while slightly more than 30 percent came from state sources; by 1979 these relationships were more than reversed, with less than 20 percent coming from local sources and nearly 50 percent from state funds" (1981a; 16-17). Becoming dependent on state funds for a large part of their budgets meant that community colleges had to vie for state resources with other public services, including four-year colleges and universities. Faced with competing systems that had long enjoyed political influence with the legislature and the governor's office, community colleges found themselves at a distinct disadvantage in the struggle for limited state revenues. Cohen and Brawer observed that "for the remainder of this century, at least, there will be more graduates of the University of California than of Los Angeles City College in Sacramento, more graduates of the University of Florida than of Miami-Dade Community College in Tallahassee" (1982; 142).

Another threat to community college funding at both state and local levels was the taxpayer's revolt. During the 1970's, tax limitation measures, which either limited the growth of government expenditures or set ceilings on property tax rates, were passed in twenty states (Cohen and Brawer, 1982; 136). The most publicized of these was California's Proposition 13, passed in 1978. This measure was to have a significant impact on the state with one-tenth of the nation's community colleges, a quarter of all two-year college students, and the last refuge of tuition-free community college education. The state's contribution to community colleges soared from 38 percent to 78 percent in a single

year (Keating, 1985; p. 3). The immediate bail out by the legislature was possible only because the state had amassed a huge surplus, which was one of the motivations for the taxpayer revolt. This surplus lasted only until 1981, when community colleges became confronted by powerful competitors for state funds, as previously described. Deep reductions were made in programs and personnel and community services were cut back dramatically (Cohen and Brawer, 1982; 136-137). By 1984, the funding per student in constant dollars for the California community colleges had declined by 20 percent, during the six-year period since the passage of Proposition 13 (Pickens, 1984; 1).

One final point on funding needs to be made: Any organization that has enjoyed a long stretch of expansion during financial good times and then is confronted with retrenchment during hard times is subjected to two quite different sets of circumstances. The differences between the economics of growth and the economics of decline are referred to as economies of scale and diseconomies of scale. Cohen (1985; 153) explains the difference:

> In an institution that derives nearly all its income based on the number of people attending, growth actually means that additional funds accrue more rapidly than costs rise. Hence, during an era of growth, free money appears and institutional leaders feel no hesitancy about adding functions. But static or declining enrollments have the opposite effect; appropriations fall more rapidly than costs, and leaders are faced with making uncomfortable decisions about which programs to cut, which people to dismiss. That was the condition prevailing in a sizable proportion of the colleges in 1984.

This phenomenon was recognized to a certain degree both in retrenchment literature,[1] and in state capitals, but it did not receive the serious attention it deserved. Indeed, it was often overlooked by state budget cutters, who were inclined to blame all the problems of institutions confronted with decline on mismanagement or an unwillingness to reduce programs and expenses.

To elaborate somewhat on Cohen's explanation: When an institution is growing, the average cost of the additional enrollment is not as great as the average cost of the base enrollment. This is true for a variety of reasons. A small percentage increase may be absorbed within an institution practically without additional cost, because some classes have room for a few added students, counselors can take on some extra students, etc. Even as the institution continues to grow and new staff members are added, some of these will be part-time and the new full-time employees will be hired low on the pay scale, so that the average cost of additional staff will be less than that of existing staff. The additional students bring revenues that exceed the costs of serving them. This is how pay increases, as well as the additional functions that Cohen mentions, are funded. Sussman (1977) made the point that such organizational slack can accrue even if the funding for additional enrollment is not paid at the same rate as the base enrollment.

On the other hand, when enrollments decrease, the process works differently. Initial declines result in practically no savings for the institution. Losses are usually scattered widely throughout the college with some classes and some counselors losing a small number of students. Few if any disciplines or services decline sufficiently at the outset to make them obvious candidates for reduction or elimination. If the enrollment decline continues and compounds, staff and faculty can be justifiably reduced. The resulting decreases in expenses, however, are not proportional to losses in enrollment. Statutes and

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[1] For example, see Mortimer and Tierney, 1979; 19-20; and Sussman, 1977; 41.

contracts usually require that initial reductions in instructional staff be made from part-time faculty and the least senior full-time instructors. The savings from these relatively lower salaries are not proportional to the programs and services reduced. Unit costs, then, rise in times of enrollment decline, and colleges are faced with greater per-student costs at a time when funding agencies are reducing support, usually by an amount proportional to the losses in enrollment.

Rapid growth had enabled community colleges to benefit greatly from economies of scale. When colleges began to lose funding and enrollments, they then became subjected to the mechanisms and problems of diseconomies of scale.

* * * * *

Community colleges that had come to rely on steady increases in funding to support pay raises, expanding services and growing enrollments, were confronted with a changing fiscal environment in the 1980's. Breneman and Nelson (1981a; 7) summarized the new circumstances:

> This era of rapid growth has largely ended... Leaders of the two-year colleges and state officials with responsibility for higher education now face a variety of perplexing questions regarding the future financing of these colleges and the role they will play in each state's higher education system. Many states are reviewing their financing patterns and formulas in order to establish policies to cope with a decade or more of projected enrollment decline.

Following were the changes taking place in the funding arrangements for community colleges:

1. Taxpayers' revolts in many states devastated available revenues, particularly those derived from property taxes.

2. Support for community colleges came increasingly from state rather than local sources, complicating the states' existing financial burdens.

3. Legislatures, searching for additional funding, instituted or increased general fees paid by students.

4. Community colleges had to vie for state funding with other public services, especially the state colleges and universities; being neophytes in this competition, they were at a distinct disadvantage.

5. As they lost enrollments and funding, community colleges fell victim to the problems of diseconomies of scale, which were not generally understood by state funding agencies.

III. Governance

An important element in the changing nature of community colleges was the increasing power of state government. Kintzer (1980a; 15-16) summarized the situation in this way: "Increasing dominance of state government and weakening of local control is the most critical and far-reaching trend affecting governance and management of public two-year

colleges." He noted this drift toward state domination began with federal legislation passed in the 1950's and 1960's. The 1972 Higher Education Amendments "created perhaps the most important layer of state bureaucracy with respect to two-year college education." The so-called 1202 commissions were established in every state to consolidate the coordination of all higher education under one agency. "Public two-year colleges originally parented by local school districts, now became vulnerable to control by larger and larger units, including universities and state colleges, and state governments." In 1980, 45 states had boards with various degrees of responsibility for coordinating public community colleges. Fifteen of these were for the two-year colleges only, and the remainder had some form of combined responsibility that included senior institutions.

This concentration of power over the various sectors of higher education at the state level led to considerable influence being exerted on community colleges by senior institutions. Martorana and Kuhns (1985; 236) stated that

> in the politically charged arenas in which the drama of organizational interaction is played, interests that are university-based and typically statewide tend to prevail over those that are community college-based and more locally oriented. . . . community colleges are coming increasingly to be influenced more by state legislation directed to universities or to the general operation of total state government than by legislation specifically intended to apply directly to community colleges.

In California, developments at the state level severely challenged the long tradition of local control. Tillery and Wattenbarger concluded that "No issue is of greater consequence to the future of community colleges in California than resolution of the enigma of their governance" (in Tillery and Deegan, 1985; 8).

The influence of state government on community colleges was much more pervasive than the actions of state coordinating boards. During the early 1980's, states passed numerous laws affecting community colleges. This legislation placed caps on enrollments; established testing requirements, curriculum content, admissions requirements, and course limitations; and limited funds for travel and faculty salaries (Tillery and Deegan, 1985; 7-8). The extensive unionization in community colleges meant that many decisions formerly made within an institution were being taken to state employee relations boards for adjudication (Vaughn and Associates, 1983).

The financial impact of this state involvement in the operations of community colleges and other institutions of higher education was, by 1980, becoming enormous. These costs included maintaining records, compiling statistics, and making reports; spending staff time on negotiating contracts, processing grievances, escorting site visitors, and reading regulations; and employing attorneys to consult on legal matters, as well as to defend the institutions in court. Increased state regulations and requirements redirected staff time from other duties, used funds that were already quite limited, and reallocated the priorities of the institutions.

* * * * *

By the early 1980's the primary funding source for community colleges had shifted largely to the state government, and much of the control of these institutions was being transferred from the local to the state level. Community colleges were being coordinated and controlled by state agencies that in some instances were responsible for only the two-year colleges, but in other cases for the senior institutions as well. Community colleges not only

competed with senior institutions for funding but were increasingly subject to legislation that applied to all of higher education or even to all of state government. Along with state regulations and requirements came the costs of conforming to or implementing them. Finally, the additional cost burdens came at a time when funds were scarce, which forced the community colleges to redirect their limited resources and to alter their priorities.

Following are the issues associated with this change in the governance structure:

1. The growing control of local districts by state government.

2. State control was often exercised directly by state legislatures and by state agencies responsible not specifically for community colleges but for all of higher education or for state government as a whole.

3. The costs of conforming to or implementing state regulations were becoming increasingly onerous.

IV. Mission

Perhaps because it is one of the newest forms of educational institution; perhaps because it has grown so dramatically; perhaps because it is, with the possible exception of the local college, so largely an invisible institution; the community college has a set of goals and functions that are not well known and have not been clearly articulated. In 1980, when Edmund J. Gleazer, Jr., wrote the book that was to be his final major statement as the president of the American Association of Community and Junior Colleges, he found it necessary to devote the first chapter to a detailed discussion of mission: "The Community College -- What Is It? What Is It For?" His answer was that there is no final statement of the mission nor should there be:

> We and those who appropriate funds for the institutions would undoubtedly find it a decided relief to have a clean, precise, and specific description of what the institutions are to do. But that cannot be done on a national level. Perhaps not even at the state level. And in the individual institution it must be a continuing process, not once and for all (1980; 16).

Alfred (1978; vii) posed the question at the heart of the discussion of the community college mission: Should the community college "attempt to become 'all things to all people,' as in the growth years of the 1960's, or should it concentrate on doing well things that it does best and avoid getting into areas not central to its mission?"

As Cohen and Brawer (1982; 15) pointed out, all the functions debated during the 1980's--academic transfer, vocational-technical education, continuing education, remedial education, and community services--had been present in the community college since their beginnings. Each one could have been found in certain institutions. What changed during the 1960's and 1970's was the extent to which some of these functions expanded in many institutions, although the degree of this change differed from state to state and from institution to institution within a state. Cross (1985; 42) observed that in the early 1980's students were "using the community colleges in a strikingly different manner than most traditionalists think." Almost two-thirds of community college students were attending part time, with more students taking a single course than any other level of course load. Most students did not come directly from high school and most did not plan to transfer to a senior institution. Cohen (1983a; 176-177) wrote that many "claim that the institution has

become an adult education center where sequenced curriculum is not a proper consideration." But Cohen warned that the transfer function "cannot be written off casually." The public still considered occupational and transfer studies central to the colleges, and legislators accorded the highest priority to these functions.

This discussion presents only a few of the arguments concerning mission presented in the literature on the community college during the first half of the 1980's. Regardless of this debate at the national level, decisions made in state capitals and local community college districts were the ones that would actually determine the future missions of these institutions.

We have seen that during the period of growth community colleges were extremely successful at diversifying programs and recruiting new students. In the early 1980's, many legislators and others suggested that these colleges had searched too far afield and thus lost sight of their basic educational purpose. What was required, they said, was to carefully select those functions to be maintained and strengthened and those to be reduced or even eliminated. Breneman and Nelson (1981a; 162) observed that "In no other part of the public educational system, from kindergarten through graduate school does one encounter such sharply divergent views about the fundamental purposes of the school."

At the local level, the issue of mission was not a mere exercise in educational philosophy but had immediate, practical implications. Funding had reached the point where serious cuts had to be made in many college budgets. In California, one of the first decisions that affected mission was the nearly total elimination of support for community services. In New York City, Sussman decided not to discontinue community and student services entirely but nonetheless took a large portion of the required reductions from their budgets.

* * * * *

The mission of the community college was one of the important factors in the transition of the 1980's. At the national level a variety of strategies and options were put forth. At the state level, fundamental questions were raised about the mission of the colleges, and these questions were used as a basis for cuts. At the local level, colleges and districts were confronted with hard decisions about which of their functions were most important and what programs deserved to be preserved.

Chapter Two: Background to the Crisis, To 1981

I. The Early Years, 1907-45

State government, which has the primary responsibility for education in the United States, generally provides educational services in two ways: through institutions controlled by elected or appointed boards or state agencies and through special purpose districts governed locally by appointed or elected boards and coordinated state-wide by elected or appointed boards or state agencies. In California, the University of California and the California State University are governed in the first manner and the public school systems and the community colleges are operated by local districts.

Throughout much of the history of two-year colleges, state governments, including that of California, have exerted little control over these institutions. Cohen and Brawer (1982, 12-13) observed that "Like the original four-year colleges and universities, the junior colleges grew without being coordinated at the state level." They quote Bogue's 1950 complaint about "the lack of authority for leadership and supervision at the state level. . . .By and large, the junior college in the United States has been growing without plan, general support, or supervision, and in some states almost as an extralegal institution."

In California, as in many other states, the initiative to provide local instruction at the 13th and 14th grade levels was taken by the high schools. The California legislature passed the Caminetti Law in 1907, the first state legislation in the nation authorizing high schools to offer postgraduate courses. This legislation, however, "had only sanctioned a practice in which many of the high schools were already engaged" (Cohen and Brawer, 1982; 14). The reason for the practice was that many high schools, located far from state universities, wanted to make lower-division studies available to their recent graduates who could not conveniently travel to a university. This was one of the arguments made by Fresno in 1910, when it took advantage of the new law to establish the first junior college in California (Winter, 1964; 1-2 and Hendrick, 1980; 61).

Within the next several years, California passed other legislation that provided for establishing, funding, and governing junior college districts. The Ballard Act of 1917 (by which time 16 school districts offered college-level courses) provided funding for students enrolled in junior college courses. Four years later, the Deering Act authorized the establishment of three types of junior college districts, specified the organization of these districts and their governing boards, and set up the basis for the financial support of the districts, including the payment of the costs for non-resident students (Eells, 1931; 101 and Ried, 1966; 243-244). Whatever regulation was provided for these early junior colleges fell to the State Department of Education, which was also responsible for public schools and state teachers colleges. Only the University of California operated under a separate governance system, through a constitutionally established Board of Regents.

The junior colleges in California grew rapidly, both in the number of institutions and enrollments. By 1936, less than three decades after the Caminetti Law, the state had 42 public junior colleges that enrolled over 52,000 students (California Postsecondary Education Commission, 1983; 3). This growth would accelerate after World War II, spurred by returning veterans, the GI Bill, and a recognition that more education would be required in an increasingly complex society. The California legislature focused more

attention on this rapidly growing segment of higher education than the other two segments, and a legislator told one of the leaders of the junior college movement: "We believe in junior colleges and want them. We are ready to act, but we don't know enough about them" (Bogue, 1950; 145). During the coming decades, the legislature would devote considerable efforts to better understand the junior colleges and would pass a major body of legislation in their behalf.

II. From World War II to the Master Plan, 1945-60

Between 1945 and 1960, when the California Master Plan for Higher Education was passed, the legislature commissioned three major studies of higher education that provided guidance on funding and coordinating the university, the state colleges, and the community colleges. These reports dealt with issues such as discouraging the expansion of junior colleges into four-year institutions, coordinating junior college activities through the establishment of a Bureau of Junior College Education within the Division of Instruction of the State Department of Education, and establishing additional junior colleges prior to any new state college or university campuses (Erickson, 1976a; 3-4).

Because of a flurry of higher education legislation introduced in 1959, the Legislature authorized the preparation of a master plan for higher education to meet the needs of the state during the following decade or more. Dr. Arthur G. Coons, president of Occidental College and chairman of Master Plan Survey Team, has written that the Master Plan was "a direct result of the unresolved problems of rivalry, tension, and struggle over several decades among the three public segments of higher education and also among and between them all and the private or independent segment" (1968, 3).

The Master Plan sought to differentiate the functions of the three segments of higher education and to establish a more effective method of planning and coordinating all of higher education. The major recommendations in the Master Plan were passed into law in 1960. Junior colleges were to continue to be governed by local boards, with general supervision given by the State Board of Education. A Coordinating Council for Higher Education was established, comprised of public members and representatives of each of the three segments. The Coordinating Council was to advise the governing boards and the appropriate state officials on "development of plans for the orderly growth of higher education and making of recommendations to the governing boards on the need for and location of new facilities and programs" (Master Plan, 1-3 and Coons, 1968; 62-70).

The educational programs of the community colleges were described as follows:

> Public junior colleges shall offer instruction through but not beyond the 14th grade level, which instruction may include, but shall not be limited to, programs in one or more of the following categories: (1) standard collegiate courses for transfer to higher institutions; (2) vocational and technical fields leading to employment; and (3) general or liberal arts courses. Studies in these fields may lead to the associate in art or associate in science degree. (Education Code, Section 22651).

III. Separation from the Public Schools, 1960-69

Despite the enactment of the Master Plan, whose purpose was to provide order and rationality to the system, the governance of California's two-year colleges remained chaotic

during the early 1960s. The 56 districts administering junior colleges used a myriad of governance arrangements. Sixteen were high school districts, 12 were unified districts, and 28 were junior college districts. Even the latter included some that were not strictly speaking independent districts, since they had been established and were still governed by unified school districts' boards of trustees.

At the state level, the junior colleges remained under the 18 units of the unwieldy State Department of Education, even though governance of the State Colleges had been moved by the Master Plan to a separate board of trustees. The new Coordinating Council recognized the problem and assumed a greater responsibility toward the junior colleges than toward the other two segments of public higher education. The variety of local governing arrangements and the diffuse state-level governance system made it impossible for the junior colleges to speak with a single voice and placed them at a political disadvantage. Studies by the Coordinating Council, hearings before the Senate Subcommittee on Higher Education, and junior college state leaders all pointed to the need to improve the governance of the junior colleges (Erickson, 1976a; 8-14).

In September, 1966, the Coordinating Council acted on the conclusions of a special study and the recommendations of its own staff, by advising the Governor and the Legislature that a new statewide governing and coordinating board for the junior colleges should be established. This board should have the same powers and responsibilities relating to the junior colleges as were then vested in the State Department of Education. A report of the Assembly Committee on Higher Education came to the same conclusion in January, 1967. The Legislature passed the necessary legislation, and Governor Ronald Reagan signed it into law on August 30, 1967. The legislation was carefully crafted to enable the new California Community College Board of Governors to "provide leadership and direction in the continuing development of the junior colleges as an integral and effective element in the structure of higher education in the state," while at the same time preserving local autonomy and control to the maximum extent possible (Statutes of California [1967, Chapter 1549], 3712-16).

The legislature had already mandated that after 1963 only separate junior college districts could be created; moreover, almost all of the junior colleges administered in 1960 by unified and high school districts had separate boards of trustees by the mid-1960's. Both at local and state levels, the junior colleges were becoming independent from the influence and control of the public schools and were forging separate systems of control.

IV. From Independence to Proposition 13, 1969-78

On January 15, 1968, Governor Reagan appointed the members of the Board of Governors, and their first meeting was held on February 28. The board was comprised of 15 members, each serving four-year terms, with at least seven of this original group having served previously (though not simultaneously) as members of local junior college governing boards. The California Community Colleges would be represented on the Coordinating Council by two members of the Board and by the Board's chief administrative officer, designated as "Chancellor of the California Community Colleges." The Chancellor was appointed by the board, and his staff would grow eventually to about 45 employees and his budget to approximately $4 million (Simpson, 1984; 46-48).

The powers and responsibilities of the new board were essentially the same as those previously held by the State Board of Education in coordinating the state's community colleges. Before the Board of Governors had even met, the legislature realized that the

legislation did not fully define the board's power and duties, nor did it make explicit how these powers and duties related to those exercised by local district boards. To remedy this situation, the Legislature called for the Coordinating Council to conduct a study, which was completed in December, 1968. The Legislature incorporated most of the study's recommendations into a bill, passed in 1969, that delineated the powers, duties and functions of the Board of Governors and junior college governing boards (Board of Governors, 1986; 18-22).

While the Legislature anticipated that this new legislation would adequately clarify the conflict of powers issue, the problem it presented can be described as follows:

> In enacting this new postsecondary governance framework, . . . the Legislature did not attempt to modify the already-existing body of law regarding junior colleges. Instead, it simply added the new structure to current law. . . . By leaving existing statutes in tact, the Legislature clouded the Board's authority to implement the new delineations of function legislation (Board of Governors, 1986; 22).

The body of law relating to the community college was extensive, and in the early 1980's included about 3000 statutes. By comparison, the University of California had only around 250 statutes with which to contend, and the California State University, approximately 450 (Board of Governors, 1986; 25). The problem of grafting the new structure onto the existing body of law would continue to plague the community college governance system for many years to come.

During the early 1970's, the Legislature became increasingly dissatisfied with the Coordinating Council, believing that it was too dominated by its institutional, as compared to its public, members. In 1973 legislation was passed that replaced the Council with a new coordinating body, the California Postsecondary Education Commission. The new commission had 12 public and 11 institutional members. In 1979, the public majority on the commission was enhanced, when institutional membership was reduced to six, with nine public representatives (California Postsecondary Education Commission, 1984b; 24-25).

When the Board of Governors assumed responsibility for coordinating community colleges in 1968, the State funding system for the two-year colleges had been in place for over 20 years. Beginning in 1947, junior colleges were funded on the basis of a "foundation program," similar to the method used to finance elementary and secondary schools. Under this system, a minimum funding level per average daily attendance (ADA)[2] was established, with the portion supplied by the local districts determined by a formula. The State supplemented this amount with "equalization" aid, as necessary. Districts could augment the formula level with local tax revenues, as long as the general purpose tax rate did not exceed $ .35 per $100 of assessed valuation (Commission for the Review of the Master Plan for Higher Education, 1986a; 101 and Simpson, 1984; 66).

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[2] Average daily attendance was a measure of student attendance used in California for determining funding of community colleges, as well as elementary and secondary schools, though not the University of California or the California State University. ADA was calculated for community colleges by averaging the enrollment figures for two points or "census periods" during the semester, multiplying this by .911 (a factor assumed to represent the difference between enrollment and actual average attendance) and dividing the product by 525, the number of class hours for one student taking five three-unit classes over a fifteen-week semester (Commission for the Review of the Master Plan for Higher Education, 1986a; 105).

The foundation amount was increased periodically after 1947 and various changes in the system were made over the years. A major alteration took place in 1953, when the State required that local districts separate attendance reporting into two categories: (1) "defined adult" (students 21 years of age and over, attending fewer than ten hours of classes per week) and (2) "other than defined adults." A ceiling was placed on the equalization aid for ADA in classes for adults and for defined adult ADA. "All of this was intended to establish indirect control over the cost of adult education, which was thought to be less expensive and somewhat less important to the State than the lower division transfer and degree instruction" (Commission for the Review of the Master Plan for Higher Education, 1986a; 101-2).

The year 1973 ushered in a period of rapid and extensive change in community college financing that the Senate Office of Research said "can only be called chaotic" (Simpson, 1984; 66). Funding legislation passed in 1973 (Senate Bill 6) was to provide tax relief for property owners, but its unanticipated result was that it gave an incentive for unrestricted enrollment growth, which would then have to be funded from State apportionments. The new formula increased the State share of community college revenues from 34 to 43 percent in the 1973-74 fiscal year (Commission for the Review of the Master Plan for Higher Education, 1986a; 102). Enrollments in community colleges and high school adult programs (which benefited from similar funding legislation) rose rapidly for the next two years. Shortly before the beginning of the 1975-76 fiscal year, State budget estimates for the cost of adult education were revised upwards by $100 million. Included in these "adult education" costs were high school adult classes and regional occupational programs, as well as increases in total enrollments in the community colleges, not just "defined adult" enrollments. Governor Edmund G. (Jerry) Brown, Jr., whose first elective office had been on the Board of Trustees of the Los Angeles Community College District, was convinced that all of these programs had too many frill courses and were engaged in needless duplication in their attempts to compete for enrollment. He persuaded the Legislature to place a limit, or "cap," on funds in the budget for the newly expanded definition of "adult education." Because of a statewide enrollment growth of 12 percent that year, community colleges were forced to make last minute adjustments by increasing local taxes, drawing on their reserves, and canceling classes (Weiner, 1977; 412-13 and Zusman, 1978; 340).

The following year Governor Brown proposed a continuation of the cap on enrollment funding. The community college finance legislation that eventually passed included fundamental changes in state and local funding. Both the foundation program and the cap were dropped in favor of a complicated new formula. Among other changes, the distinction between adult and non-adult ADA was eliminated and a "demographic factor" was incorporated that benefited urban districts. This new funding system, the third in four fiscal years, lasted for only two years, when it was replaced by the sweeping changes brought about by Proposition 13 (Commission for the Review of the Master Plan for Higher Education, 1986a; 103).

During the mid-1970's, California was confronted by rapidly escalating costs of higher education, not alone those for community colleges. The combined costs of higher educational institutions and agencies rose from $1.2 billion in 1973-74 to $2.3 billion in 1978-79, nearly doubling in half a decade. They also increased slightly as a percentage of total State general fund revenues and local property taxes, from 10.4 percent to 12.1 percent (California Postsecondary Education Commission, 1984a; 32).

V. Proposition 13 and Its Aftermath, 1978-81

We have seen that higher education expenditures were growing rapidly during the mid-1970's. Even so, these costs were expanding at only a slightly greater rate than other state and local spending. The ballooning public expenditures were funded by property and other taxes that rose because of economic prosperity and runaway real estate values. A taxpayers' revolt in California had been fermenting for some time, and it exploded on June 6, 1978 with the overwhelming passage of the Jarvis-Gann Initiative, known as Proposition 13. While this one proposition has come to symbolize and lend its name to the taxpayer's revolt, it was only the first and the most dramatic of a series of developments that would have important consequences for the entire public sector and specifically for community colleges in the 1980's. Other actions included passing Proposition 4 in 1979, which further limited public spending, indexing of the State income tax, and electing legislators and state officers who were committed to fiscal constraint. Even many incumbent officials who had not originally supported the tax and finance control measures quickly became converts to the popular new "Spirit of 13."

Proposition 13 limited property tax to one percent of the 1975-76 assessed valuation and restricted annual increases to two percent. At the local level, new taxes or tax increases now required a two-thirds vote of the electorate, and state-level tax law changes could only be enacted by a two-thirds vote of the legislature. Approximately $7 billion was eliminated from expected 1978-79 property tax revenues, a 57 percent statewide reduction in this major source of public funds (Bell and Price, 1984; 362-63). The overall financial impact was summarized by a higher education official: "In one day the government of California lost one-fourth of its expected revenues" (Pickens, 1981; 55).

Among all the segments of higher education, community colleges had the most to lose, because theirs was the only segment that received property tax funding. With the Legislature now responsible for distributing these revenues, Proposition 13 "destroyed the core of the finance system" for the community colleges. Fortunately the State had amassed a huge surplus of funds and was able to bail out the two-year colleges with legislation hastily put together after the election. Senate Bill 154 provided a block grant system that assured each district of at least 85 percent of its 1977-78 revenues, regardless of enrollment. Community colleges, concerned about the impact of lost enrollments in the future, pressed the Legislature to continue block grants the following year, but the State instead reinstated an enrollment-based financial system. Under the 1979-80 finance program districts received a basic rate (the previous year's apportionment per ADA), marginal support equal to two-thirds of the basic rate for any enrollment growth, and, for enrollment loss, funding equal to two-thirds of the basic rate (Pickens, 1981; 56 and Commission for the Review of the Master Plan for Higher Education, 1986a; 103).

Proposition 13 caused a major shift in the sources of community college revenues. While in 1977-78 the State provided 38 percent and local property taxes 62 percent of community college funding, in 1978-79 the State's costs increased to 78 percent and the share from local taxes fell to only 22 percent. Community colleges moved from last place to first among the three segments of higher education in terms of State revenues appropriated for current operations (Keating, 1985; 3 and Pickens, 1981; 57).

Because two-year colleges were confronted by a 15 percent reduction in revenues for 1978-79, they had to respond immediately with drastic measures. Summer sessions were canceled, part-time and classified staff were laid off, community services programs that had lost their special taxes were reduced or eliminated, pay increases were halted (which the courts later held to be unconstitutional), non-personnel budgets were slashed, vacant

positions were left unfilled, and regular semester offerings were reduced. Later in the fiscal year, the colleges learned that because of unexpectedly large property tax revenues their budgets would be cut considerably less than 15 percent, but the damage had already been done (Pickens, 1981; 56). The cuts had been made and many of them could not be restored that late in the academic year. Community college districts looked forward to the 1980's unsure of what the ongoing impact of Proposition 13 would be in terms of State funding and control.

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At the state level, community colleges had moved from the benign neglect of the early period to a situation after Proposition 13 that had the potential for a highly centralized state system For decades the two-year colleges had been governed either within local districts that also operated elementary and secondary schools or as separate local community college districts. The University of California and the California State University were statewide systems and the State had granted their governing boards greater independence than it was willing to give to the community colleges. Even after the establishment of the Board of Governors of the California Community Colleges, the legislature kept in force thousands of laws many of which were inconsistent with the functions it had assigned to the new statewide community college board. With the passage of Proposition 13, the State was forced to accept the major burden of supporting community colleges and would have to decide how much state control would be imposed as the price for bailing out these formerly locally financed institutions.

CHAPTER THREE: The Crisis Commences, 1981-83

By 1981 the surplus, which had enabled the State to restore most of the lost property tax revenues for local governments and school and community college districts, was depleted. To make matters worse, the economy of California, along with that of the rest of the nation, was suffering from the worst recession since World War II, and tax revenues fell well below expectations. Two strategies were available to help protect the State treasury from the growing costs of supporting community colleges. One was to shift part of the burden to an alternative source, and the other to restrict the services of these colleges in some way, so that enrollments and thereby State appropriations would be reduced.

During 1981-83 the State debated both options and adopted one of them. Because Proposition 13 had made an increase in property taxes an unrealistic option, State government looked to another source of funds already used for community colleges in the rest of the nation and for the other two segments of higher education in California: students. While advocates of mandatory student fees for community colleges avoided acknowledging the fact, this proposal was actually a combination of both strategies. Some costs would be shifted to the student and, based on the experience of other states, student enrollments would decline. The latter effect was the primary argument used by opponents of student fees.

Mandatory fees were not adopted during 1981-83, but what the Legislature authorized reduced both services and enrollments at community colleges. A group of courses that met certain criteria were "defunded" in 1982. Local districts were allowed to continue to offer the courses on a fee basis, but the State would not underwrite their expenses. In the past the State had paid a lower rate for defined adult classes and enrollments than for other enrollments, but never before had it withdrawn funding from an entire category of community college classes.

I. The Mission Controversy, 1981-82

In May, 1981, the California Postsecondary Education Commission issued a report on "Mission and Functions of the California Community Colleges." The report acknowledged that the issue of mission and functions could not be separated from that of funding, but said the financial problems of the community colleges and the State were not the reason the Commission was issuing the report:

> Instead, questions about the effectiveness of the Community Colleges in meeting the increasingly diverse educational needs of the adult population in California lead to its conception, on the assumption that unless the colleges make programmatic choices and set budgetary priorities they will probably do many things less well and some things unsatisfactorily in the future.

The report pointed to other studies and writings that questioned whether the community colleges' traditional missions "of offering transfer programs, occupational preparation and general education are suffering in comparison with continuing education." It illustrated this trend by describing the decline in transfer students, citing criticisms about the success of

vocational education, and expressing concerns about the quality of general education in the community colleges.

The report reviewed many of the issues in the national debate over the mission of the community college. In addition to maintaining their image as "'two-year' postsecondary institutions offering instruction at the thirteen and fourteenth grade levels," community colleges were enrolling many students who already held degrees and were not working toward any degree or certificate. They offered instruction below what was regarded as "college level," in order to assist students to make up their deficiencies in basic skills. Community college students as a general rule were not completing the colleges' programs. Approximately a third of them enrolled for only one term, and only about a fifth had graduated or were still enrolled by the end of their third year.

The report concluded:

> Stated in the extreme, the issue is how Community Colleges can offer instruction for credit to students with reading and writing skills ranging from the sixth grade through . . . the graduate level, and with objectives ranging from "transfer to the University" to "personal interest, with no credit desired". . . . [T]he issues facing the California Community Colleges lead to the conclusion that these institutions need to debate their multiple functions more fully as a prelude to evolving a statement of common mission for the 1980's and beyond (California Postsecondary Education Commission, 1981; i, 1-4, 16-17).

The CPEC report was greeted angrily by many community college faculty and administrators and sparked a protracted debate that attracted the attention of the national press. Jack D. Bessire, president of the Association of California Community College Administrators (ACCCA), called the CPEC report "a disservice to the community colleges." But Community College State Chancellor Gerald Hayward and other community college leaders recognized that choices would have to be made because the Legislature would no longer fund unlimited enrollment growth. Executive Director of CPEC, Patrick Callan, warned that "sweeping these issues under the rug will lead to a perception [in the legislature] that education is not putting its house in order." Throughout the state community college leaders resisted establishing priorities. Gerald Angrove, president of ACCCA, said: "It is a whole new mental process for most of us. We have grown up in an era of growth and development. Now we must change our thinking and be creative in retrenchment, which is very difficult for us to comprehend" (McCurdy, 1981).

The same month the CPEC report was issued, an administrator at the University of California, Los Angeles delivered a paper on the transfer function of the community colleges in California. He followed this in September with a letter to the president of the University of California, David Saxon, which discussed his transfer paper in relation to the CPEC report and the reaction to it. While the Saxon letter was intended as private correspondence, the author provided copies to several administrators at UCLA and it was distributed widely among community college educators. The paper and the letter became targets in the debate over community college mission.

Gerald R. Kissler, assistant executive vice chancellor at UCLA, described changes in the community colleges during the last thirty years: the scope of vocational education had expanded and the proportion of vocational students had grown; community education was much broader than the old adult education, because many adults enrolled in credit classes without any interest in credit or grades; expanded access had attracted more students with basic skill deficiencies, requiring expanded remedial education; and part-time students and

instructors were now the norm, rather than the exception. Kissler believed the transfer function of the community college had been weakened and that strengthening it was in the best interests of all segments of higher education. The decline in the number of transfer students had led to a decline in the vitality of transfer programs. Enrollments in transfer courses remained high because they were inflated by large numbers of students who wanted continuing education and others who were not prepared for bachelor's-degree-equivalent courses. Kissler acknowledged the situation was not the same in all community colleges and believed the University of California had not paid enough attention to the needs of the transfer student. He also took note of what was referred to as the "reverse transfer" phenomenon. Increasing numbers of students were moving from the University to the community colleges, instead of the other way around. Preliminary data indicated that about one-half "did so for personal enrichment reasons, with the remainder split between those who plan to transfer back to a four-year institution and those who plan to enter the labor market" (Kissler, 1981a; 12 and 1981b; 1-7).

The Los Angeles Community College Chancellor, Leslie Koltai, in his October 14, 1981 "State of the District" speech, announced a major re-emphasis on the transfer function. The Los Angeles District had gone from 3.8 percent of its total enrollment transferring to a senior institution in 1975 to a low of just three percent in 1979, the latest year for which data were available. He pointed out that transfers to the University of California had declined by about 19 percent during that period, while transfers to the California State University went down only about four percent. He also reported that a survey conducted the previous fall found 40 percent of the District's students indicated their primary purpose in attending college was to eventually transfer to a four-year institution (Koltai, 1981; 3).

Koltai also revealed that only about five percent of vocational students completed their programs, and this, combined with the three percent who transferred, meant that better than 90 percent of students were not completing any program. While Koltai dramatized the issue with statistics such as these, other community college leaders in the state clarified them and took exception with respect to their own institutions. The statewide figures for those transferring were higher, at about six percent. State Chancellor Hayward explained that while transfers had decreased from 96,000 to 74,000 students and total enrollments had increased from 710,000 to 1.39 million since 1972, the number of full time students in community colleges had only increased from 282,000 to 295,000. Most of the increase in enrollments had come from vocational and part-time adult students, and neither group contributed much to the transfer figures. John McCuen, chancellor of the Long Beach District, wrote that, if only full-time students were considered, 17 percent had transferred just to the CSU system from throughout the state in 1980 and that at his institution the figure was 21 percent (Elias, January 24,1982; Ingwerson, November 19, 1981; McCuen, November 14, 1981; and Roark, May 2, 1982).

Thus began the "great debate over the divisor," that is, what figure should the number of students who transfer be divided by, in order to arrive at a meaningful percentage of community college students who transferred to a senior institution. Significantly, McCuen used the percentage of full-time, rather than total, students. Others agreed, observing that with three-fourths of the students being part-time--which required many years to complete a program or to transfer--using the percentage of <u>total</u> enrollments indicated little. Even this approach presented problems, because among full-time students, only those who were sophomores were expected to possibly transfer in any one academic year. Thus, including the full-time freshmen in the divisor was also problematical. This issue was part of the larger controversy over the mission and functions of the community college. The debate would continue for many years to come.

II. The $30 Million Course Cuts, 1982

State Chancellor Jerry Hayward has written that at the time the State took over the funding of the community colleges the policy regarding which courses should be funded and by whom was "about as clear as mud." In 1979. the State Chancellor's Office was directed by the Legislature to conduct a study and prepare policy recommendations on the delineation of credit and non-credit courses. An advisory panel of respected community college leaders developed a report in 1980 that "clarified the definitions of credit and non-credit courses and recommended the establishment of a uniform course classification system." Over the protests of the most adamant local governance advocates, the Board of Governors adopted the new system in 1981.

By this time the State was becoming more concerned about what courses were offered by the community colleges and for which the State had to pay. State leaders hoped that local action would be taken to weed out questionable courses, and indeed many districts did so. Others resisted because local constituencies supported these popular avocational and recreational offerings and because the courses were profitable at a time of economic stringency. The results of the course classification mandated by the Legislature showed that 52 percent of the courses offered annually were liberal arts and sciences courses for the baccalaureate degree and 35 percent were vocational offerings. However, approximately 19 percent of the credit hours were generated by courses in physical education and fine and applied arts. A report prepared by CPEC (on the possible impact of tuition on access to postsecondary education) noted this concentration of nearly one-fifth of community college offerings in physical education and art and called for a $30 million reduction in state support for community colleges. Hayward pointed out that while this amount represented only slightly more than two percent of total community college revenues, it was in addition to the real-dollar cuts the districts had absorbed since 1978. Moreover, the reductions came in a year when the colleges were to receive no money for growth or for cost-of-living adjustments, and during an era of double-digit inflation.

The Legislature required that the cut take place in the 1982-83 fiscal year, giving the Board of Governors less than a month to implement what Hayward called "this historic and dramatic change." The staff of the Chancellor's Office worked with a broadly based advisory committee to develop criteria for determining which courses would be deleted. It then used these criteria to prepare "a preliminary list of courses that would no longer be eligible for state funding and that, if offered, would be supported by student fees." A simulation using the courses offered the previous year "revealed that large numbers of questionable courses had already been shifted to the fee-based mode [and] as a result, less questionable courses had to be added to the list so that the $30 million target could be reached." The State Chancellor's Office warned the Legislature that $30 million was an arbitrary amount, but to no avail. Hayward wrote: "This was a textbook case of circumstances in which public policy decisions regarding curricula succumb to financial rather than to educational considerations." The "hit list" included "courses ranging from yoga and karate to conversational Arabic and Swedish, and from securities investment to concert and theater appreciation."

This episode in California community college finance had several significant consequences. First, the impact on colleges depended on what portion of their offerings consisted of the affected courses. Colleges that had ignored the warning signals suffered considerable reductions in funds, and in some cases the losses proved catastrophic. Second, the politician's perception of the community colleges improved. The Legislature had gotten the impression that the community college curriculum consisted largely of macramé and belly dancing, though such courses were far fewer in number than the Legislature assumed.

Third, from the governance perspective, the Legislature, which had previously avoided curricular decisions, now made it clear that "nothing was sacrosanct when the allocation of scarce resources was at stake." And, finally, with respect to the community college mission: "At precisely the time when the board of governors and local districts should have been focusing on other issues--access, the quality of the transfer program, and the effectiveness of the vocational program, for example--energies were diverted to less productive topics, such as what constitutes an avocational course" (Hayward, 1988; 34-38).

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The State Chancellor's Office announced in 1981-82 that one in twelve adult Californians was attending a community college and that one in every two adults in the state would enroll in a community college at some point in their lives. James Fitzgerald, president of Foothill Community College described the expansion in this way: "It was the missionary zeal of the community college educator at work. Everywhere we went, we spread the word." David Breneman, a Brookings Institution economist who had just completed a study of community college finance, described community college leaders to a reporter: "These are first-rate entrepreneurs who have outrun their resources." (Ingwerson, November 19, 1981 and Roark, May 5, 1982).

Entrepreneurship and missionary zeal were important characteristics during the period of growth, but times had changed and many community college leaders were having a hard time reading the signals from Sacramento. They were having a hard time "changing our thinking," as Gerald Angrove had put it. Tom Van Gronigan, superintendent of the Yosemite Community College District, reminded a group of community college educators of Woody Allen's admonition to college graduates: "More than any other time in history, mankind faces a crossroad. One path leads to despair and utter hopelessness, the other to total extinction. Let us pray we have the wisdom to choose correctly" (Roark, May 5, 1982). These early years of the 1980's were beginning to look as though they presented just such a dilemma to community college leaders

III. The Governor and Student Fees, 1982-83

In November, 1982, the Republican candidate, George Deukmajian, won the closest gubernatorial election in California history, by just 93,345 votes or a margin of about one percent. His Democratic opponent was Los Angeles Mayor Tom Bradley, who on election eve had been projected to win. Bradley was known as a staunch supporter of community colleges and had close ties with the Los Angeles Community College District. Deukmajian probably owed his election as much as anything to his opposition to a hand gun control proposition that was on the ballot, and which Bradley supported. He also charged that Bradley would raise taxes and he pledged that he would not. Other factors also played a role in the election, however, and with such a close vote any one of them might have been decisive: Even though not made an issue in the campaign, Bradley was an African American, and this might have had an effect on some voters; Republicans waged an effective absentee voter campaign; Bradley was associated with Governor Brown in voters' minds; and Bradley's camp waged a lackluster campaign (Harvey, 1985; 30-35).

When Deukmajian was inaugurated on January 3, 1983, he inherited a financial crisis, with the state budget out of balance by $1.6 million. He rejected a temporary one-cent sales tax increase proposed by Democratic legislators to offset the deficit, and the 1983-84 budget

became a bitter partisan issue between the new Republican Governor and the Democratic Legislature (Culver and Syer, 1986; 182-85).

Deukmajian's proposed 1983-84 budget, announced shortly after his inauguration, included the introduction of a mandatory student fee[3] for all community college students. For some time this revenue measure had been proposed by certain legislators and bitterly denounced by community colleges,. The State Senate had considered the proposal in May, 1981, as a part of its budget deliberations. By that time, annual fees for resident students at the University of California had reached $795 and $207 at California State University, so that many senators did not feel that a $50 per year fee for full-time community college students was unreasonable. Fee proponents also observed that California was the only state in the nation that still did not charge its community college students an enrollment fee. Community college leaders, on the other hand, said that mandatory fees ran counter to the historic principle of free postsecondary education for the state's residents. The fact of the matter was, however, that local districts were already empowered by the Legislature to charge students a variety of fees for such things as materials used in specific classes, health services, and parking. What the community colleges opposed was a general enrollment fee to be collected from all students (Shuit, May 28, 1981).

The Senate's fee proposal was not adopted as part of either the 1981-82 or 1982-83 budgets, but as the state's financial situation worsened in 1982 the student fee issue became more pressing. Hayward, who had opposed the Senate proposal, said in October, 1982, that if the state's finances did not improve, students might have to pay fees for courses taken in the 1983-84 academic year. In December the Board of Governors narrowly approved a contingency plan that included a fee to be charged all students for the coming year, but required that funds be provided for student aid. Hayward told the Board that the deficit had become so "obscene" that the Legislature might see a student fee as the only way out. The Board members reaffirmed their historic opposition in principle to general student fees, and as a long-term policy, they called for levying fees only on students who already had degrees or were attending college for "personal reasons" and had not gone through the process of assessment and academic advisement (Faris, December 12, 1982)

Deukmajian's 1983-84 budget contained bad news for the community colleges that went beyond his student fee proposal. Besides providing no money for growth, cost-of-living adjustments (COLA), or additional student aid, the Governor wanted to cut the colleges by $110 million and would have them make up most of this amount through the new student fees. Students were to be charged $50 per semester for six units or more, and $30 for less than six units. Hayward said "Community colleges can't sustain another year like they've had. We must have new revenue sources." Compton Community College District, in a largely minority area to the southeast of the Los Angeles District, doubted it would be able to make cuts sufficient to keep up with the three-year repayment plan for the $750,000 it had borrowed from the State in 1981-82. Several other districts were, as Hayward described it, "at the brink of insolvency" (Faris, January 21,1983).

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[3] The terms "student fees" and "tuition" were used interchangeably, with varying political intent, during this controversy. Strictly speaking, tuition is a fee charged students to be used for the costs of instruction. In this sense, the University of California, which charged students a fee of hundreds of dollars each quarter, can be said not to charge tuition because these revenues are used for student services and other non-instructional purposes by the University. We have used the term "mandatory student fee" or similar designations in this discussion, except in direct quotes, because the proposed fees for community college students were never considered sufficient to directly contribute to instructional costs.

In March, the California Postsecondary Education Commission voted for the first time in its history to recommend the imposition of "modest" fees on the 1.4 million community college students. The Commission was concerned that otherwise the colleges would have to continue to curtail programs and cut enrollments. It did not, however, endorse the Governor's specific fee proposal. CPEC Executive Director Callan said that the Commission would prefer to avoid fees and called the action a contingency plan. But to refuse to deal with the issue of the State's worsening financial crisis would be like "putting our heads in the sand" (Roark, March 22, 1983). Several days later, Callan released the results of a survey at a meeting of the higher education subcommittee of the Senate Finance Committee. The survey included 90 community colleges and revealed that course offerings had been reduced by more than ten percent at over a quarter of the institutions and that thousands of students had been turned away because of limited space in the classes that remained open. Three-fourths of the colleges had laid off part-time faculty and a quarter of them had laid off full-time faculty. Support for community colleges had declined, in constant dollars, by about 20 percent since 1977. At the meeting, Hayward estimated that the Governor's student fee plan would cause "tens of thousands of our students to drop out" and that the largest numbers of these would be low-income students, especially minority students (Trombley, April 5, 1983).

The Los Angeles Times described the situation during the Spring: "The future finances of California's community colleges hinge on a Sacramento debate that is rapidly developing into a contest of brinkmanship." The Governor insisted on reducing the funding for the colleges from the State treasury, to be replaced by revenues provided by student fees. The Democratic legislators contended that Deukmajian's plan would ruin the colleges, already suffering as a result of previous cuts. If the recalcitrance of the two sides continued, the Times writer conjectured, this could lead to a third possibility: The Governor could enforce the cuts by vetoing the budget and the Legislature's majority Democrats could block the imposition of fees, leaving the community colleges "in the worst of all possible worlds," with the spending cuts imposed but not replaced by fee income (Trombley, April 7, 1983).

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As the 1981-83 period drew to a close, the stalemate between the Governor and the Democratic Legislature dragged on. The community colleges had endured Proposition 13 for five years and during that time had lost about a fifth of their revenues measured in constant dollars. One district had already become insolvent and several others appeared close to suffering the same fate. Full- and part-time teachers had been laid off, student services reduced, and routine maintenance left undone. Hundreds of courses had been defunded by the state and, while some of these courses survived on a cost basis, many were abandoned. These included not just "Getting Inside Your Pet's Head," but courses like jewelry making that were still offered with seeming impunity at the State Universities. Callan said he understood how local trustees "feel a loss of control, that the strings are being pulled by someone else . . . Think about how drastically the world has changed for these people in a very short period of time" (Fallon, 1983; 131).

CHAPTER FOUR: The Crisis Continues, 1983-85

In July, 1983, the California Legislature included in the 1983-84 budget a $124 million increase in appropriations for the community colleges, covering cost-of-living, growth and equalization. The Governor, however, not only vetoed the increase, but cut back the appropriation by an additional $108 million, which gave the community colleges 7.7 percent less than the year before. The Governor said the decrease could be regained by an enrollment fee of $100 per year for full-time students and $50 for part-time students. Thus, the 1983-85 period began with the community colleges' worst possible fears realized: They were the victims of a stand-off between a Governor intent on instituting enrollment fees and Democratic legislators determined the fees would not be charged.

I. The Funding and Fee Controversy, 1983-84

When the new fiscal year began on July 1, 1983, the State had neither a budget that would produce the funds nor appropriation legislation to indicate how the funds would be distributed to the community colleges. Many colleges were in financial limbo. They had neither reserves nor substantial carry over from the previous fiscal year, and they feared they could not meet their next payroll. Two districts had negative balances at the beginning of the new fiscal year, and two others, including the Los Angeles District, had no reserves. A total of 31 districts had reserves of less than five percent of their annual expenditures. As indicated above, the Legislature soon passed a budget without authorizing general fees for community college students, and the Governor used his veto power to carve away enough in funding, he thought, to force the imposition of fees. The veto also reduced funds in the budgets of the University of California and the California State University, but community colleges took the greatest cut. State Chancellor Hayward forecast the loss of 100,000 students and CPEC Director Callan estimated the figure as high as 150,000. Callan described the budget as "the worst for higher education in modern times," and Hayward said he had not believed the Governor "would try to balance the budget on the backs of those who can afford it least--community college students" (Simpson, 1984; 78-80 and Trombley, July 15, 1983 and July 22,1983).

After expressing their initial reactions of shock and dismay, community college leaders proposed various responses to the Governor's veto of funds. Dan Angel, president of Citrus College in Azusa on the eastern edge of Los Angeles County, suggested that the colleges close in the fall. "We should send the governor a very clear message--either restore our funding base or we'll shut down the system." Long Beach President McCuen wanted to pursue the possibility of a legal injunction on the basis that the cuts were impossible to implement on such short notice. But the trustees at Foothill-DeAnza College, in the Silicon Valley, voted to accept the Governor's fee proposal if Deukmajian would restore funding to its 1982-83 base. On July 29 community college leaders met in Sacramento with the Governor's newly appointed education advisor, William Cunningham, who assured them that the Governor was not "hostile to higher education . . . despite what his recent actions seem to be." He urged the community college leaders to come up with their own proposal for fees. David Mertes, chancellor of the Los Rios District in Sacramento and president of the California Community College Chief Executive Officers Association, said, "We have reason to believe the governor did not fully understand the impact of the sort of cut that was made in the community colleges." Larry L. Eastland, a political consultant who attended the meeting, warned the group not to "take on the governor" on the issue, because of Deukmajian's popularity with the voters (Trombley, July 27, 28 and 30, 1983).

On August 1 the Governor signed Senate Bill 851, which provided a funding mechanism for the community colleges through June 30, 1987. SB 851 addressed each of the principles of community college finance adopted by the Board of Governors in December, 1982. The legislation was based on a proposal made by a coalition representing almost all community college district and special interest groups and was passed by the Legislature with only one vote cast against it. The SB 851 mechanism provided a stable funding base for each district based on its prior year's funding, established an index for inflation adjustments, and gave substantial equalization for low-revenue districts. Unfortunately, Deukmajian had already vetoed the $232 million the Legislature had included in the budget to fully fund the new legislation. One revenue provision of the new funding bill that went into effect was permission for colleges to charge a $10 fee for each class dropped. The fee could not exceed $20 per student, could be waived for poor students, and would not be instituted until the spring semester (Keating, 1985; 7-8; and Commission for the Review of the Master Plan for Higher Education, 1986b; 105).

The situation in the summer and fall of 1983 was characterized by Thomas Fryer, Jr., chancellor of the Foothill-DeAnza Community College District, by saying that "While the politicians wrangle, the community colleges twist slowly in the wind." CPEC studies indicated that more enrollment would be lost by the sharp budget cuts than by mandatory fees. With adequate student aid the fees were estimated to cause a drop in enrollment of 83,000, while the budget cuts would lead to a decline of at least 150,000 students. On August 12 the Board of Governors, at a special meeting in Sacramento, urged that all possible revenue sources, including student fees, should be considered in order to solve the "drastic and intolerable" financial crisis facing the community colleges. At practically the same time the trustees and administrators from the four largest districts in the state (Los Angeles, Peralta [Oakland and Berkeley], San Diego, and San Francisco) held a press conference in San Diego. They declared their united "opposition to a first-time-ever tuition in California's junior colleges," because the majority of their students were from low-income minority families who could not afford it. A poll of California residents conducted by the Los Angeles Times indicated that 51 percent of the respondents thought that the $50 per semester fee was about the right amount. Another nine percent said the fees should be higher, 13 percent said the $50 was too high, and only 23 percent said that no fee at all should be charged. Seventy-one percent thought that the students could come up with the money somehow (Balzar, August 17, 1983; Fryer, August 2, 1983; Trombley, August 12, 1983; and Trombley and Greeley, August 12, 1983).

The Legislature reconvened in mid-August for a one-month session. Newspaper editorialists as well as community college leaders beseeched the Governor and the Legislature to find a way out of the impasse. A Los Angeles Times editorial said "The dimensions of the disaster are staggering. . . . Unless there is an immediate compromise, the only winner will be ignorance and the losers will be the state's 1.3 million community college students." Even so, another Times editorial said:

> In part, community colleges have themselves to blame for the imminent end of an era. They have assumed that the governor and the legislature understood the importance of their role in California. They also allowed criticism to build over the fact that in recent years a very small percentage of students have transferred from community colleges to four-year schools (Los Angeles Times, August 15, 1983 and September 1, 1983).

The second half of September was a time of high drama, with newspapers throughout the state featuring daily front-page stories on the wrangling in Sacramento, and community colleges suffering from total frustration. At the end of the legislative session, a compromise agreement collapsed in the Assembly for lack of three votes. Assembly Democrats, used to dealing with governors who had legislative programs of their own, found it difficult to bargain with Deukmajian. Seemingly the Governor's only interests were limiting spending, instituting fees for the community colleges, and expanding the state's prison system. The community college issue

finally became linked with the prisons, but even then the compromise broke down. The liberal Assembly Democrats, who stood firm in opposing general fees, were able to defeat the compromise, but in the process they lost essential funding for the community colleges.

When the regular session terminated on September 16 the Governor called the Legislature back into a special session on Sunday, September 18. The one-day session resulted in the Legislature sending Deukmajian measures that increased funding for community colleges by $108.5 million, but did not enact student fees. On September 21, the Governor vetoed the funding legislation, saying that it represented only a half the compromise he had agreed to. Assembly Speaker Willie Brown, Democrat from San Francisco, warned that the community colleges might have to live with the deep budget cuts. Sounding more like a Republican than a Democrat, he said, "I suspect we're top heavy with (college) administrators" and that cuts could be made still be made in certain areas. Community college officials were puzzled by this stand, considering that Brown had voted in favor of a budget in July that would have increased spending in the colleges by another $232 million. Shortly after his veto, the Governor agreed to make the fees temporary, if that would break the deadlock. His compromise, however, was greeted coolly both by Republican legislators who favored permanent fees and by Democrats no longer willing to capitulate on the issue (Balzar, September 22, 1983, September 24, 1983, and September 30, 1983; Shuitt, September 16, 1983; and Trombley, October 11, 1983).

By October, the results of the confusion over fees and finances were becoming apparent. A survey of 20 districts indicated enrollments were down by 8.4 percent, with individual district losses varying from three to 17 percent. Only two districts had enrollment increases. When extrapolated to the entire state, the figures indicated a drop of some 114,000 students. Hayward said "the talk about possible fees and all the financial uncertainty were the most important reasons given by most districts," but some districts also mentioned fewer high school graduates and new stiffer probation regulations. The decline in enrollments was expected to be even greater in the spring semester, because most districts had gambled that at least some of the funds would be restored and did not make cuts as drastic as they would have if the reduced funding had been a certainty. The cuts already in effect resulted in fewer part-time faculty and classified positions and in larger classes with less equipment and supplies. After a three-week strike at Compton College instructors capitulated, accepting a reduction of five percent in salary and 12 percent in fringe benefits, as well as an increased teaching load. In mid-October Hayward warned all districts in the state he did not expect the $108 million to be restored and advised them to "plan on reducing expenditures for the Spring semester." An election in November sent an ominous warning to boards considering lay offs of regular instructors as a way to help balance budgets. After the five-member board of the Coast Community College District in Orange County laid off 68 instructors, three new trustees, backed by the teachers union, were elected. The new board members immediately voted to hire the teachers back (Ballenger, October 15, 1983; Billiter, December 8, 1983; Einstein, October 15, 1983; and Trombley, October 14, 1983).

In January the Legislature returned to Sacramento for the beginning of the 1984 session. The decision on funding needed to be made quickly if the revenues were to be made available for the spring semester. A number of compromises and substitute proposals had surfaced since September, but some observers felt that during the recess the battle lines had hardened. One important change was that the Deukmajian administration no longer talked in terms of a "fiscal crisis," because a state surplus of at least $400 million was expected by the end of the fiscal year. Still, the Governor was as determined as ever to impose fees, though now for "philosophical reasons." His position was strengthened by the fact that the community colleges, after four months of living with financial crisis, had softened their opposition to fees. A survey of the state's 70 districts found that 39 districts would favor fees if they were combined with a restoration of the seven percent cut in community college funding; seven districts, including Los Angeles and Peralta, opposed general fees under any circumstances; and twenty districts did not respond (Trombley, December 2 and 4, 1983).

The opening days of the 1984 session began as a replay of the previous August and September, but after three weeks of negotiation the Governor and a majority of both houses found common ground. On January 25, Assembly Bill 1XX was approved by the Assembly on a 54 to 23 vote and sent to the Senate, where it was quickly passed, 27 to 11. The next day the Governor signed the fee measure and the companion bill which provided an additional $96.5 million to the colleges for the balance of the fiscal year. Deukmajian also agreed to maintain $65 million in state funding for the next fiscal year that otherwise would have been lost to the colleges because of the eight percent decrease in enrollment. Deukmajian's major concession, which made the agreement possible, was the incorporation of ten existing fees into a single general fee. Students taking six or more units would pay $50 per semester and those taking fewer that six would pay $5 per unit. Since the average full-time community college student was already paying about $35 per year in miscellaneous fees, the general enrollment charge would only add $65 per year for them. The new system would go into effect in September and would expire in December, 1987, unless renewed by the Legislature. The bill's author, Assemblyman Richard Katz, pointed out that the fee could not be increased until January, 1988, and that the steady growth of existing fees could have exceeded the amount of the general fee if left unchecked (Wood, January 26, 1983 and Daily News, January 27, 1983).

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After 73 years of tuition-free community colleges, California finally joined every other state in the nation that supported two-year colleges and now charged a general enrollment fee. The battle had been waged for over a year, had forced the colleges to survive for seven months with budgets nearly eight percent below the previous year, had resulted in the second largest enrollment decrease in the state's history, and had left indelible scars on many of those engaged in the struggle. Midway through the controversy, CPEC Executive Director Patrick Callan said that "in all the debate over community college finance during the past year, no one argued that the colleges should become smaller or less effective. Yet this will surely be the result if the present impasse continues" (Los Angeles Times, September 1, 1983). The results feared by Callan became a long time legacy of the controversy.

II. Mission and Governance, 1983-84

While most attention was focused on the funding controversy during the first half of 1983-84, the issues of the community colleges' purpose and control were not overlooked. In December, CPEC released the results of a survey claiming that the typical student was more likely to be a relatively prosperous white woman returning to campus for improved job skills or to pursue some personal interest than a low-income minority youth, struggling to receive an education while holding a job. The findings were based on a survey by the California Student Aid Commission of a five percent random sample of students at 24 colleges considered to be representative of the whole system. The survey stated, for example, that more full time students came from families with an annual income of $48,000 or more (13.7 percent) than from families earning $12,000 or less (11.4 percent). The study was severely criticized, particularly since it was released just as the Legislature was about to go back into session and do battle with the Governor over fees. Assembly Speaker Brown's staff questioned the validity of the statistics and the representativeness of the sample. The 24 colleges included only one in the Los Angeles District--Pierce, which had the most affluent clientele of the District's nine colleges--and none from Oakland, San Francisco or San Jose. Only about a quarter of the 22,108 questionnaires were returned and the response rate for black and Hispanic students was relatively lower than for other groups, though the researchers said that they had weighted the responses to adjust for that factor[4] (Trombley, December 12, 1983 and Sacramento Bee, December

[4] Hayward's office commissioned the Field Research Corporation to conduct a survey on

15, 1983). One community college educator commented at the time: "What they learned was that middle-class white women are more likely to fill out and return their questionnaires than are poor minority youths."

Regardless of the study's validity, it contributed to the growing momentum to investigate the community college more fully and to determine what its mission and governance, as well as its funding, should be. Democratic Lt. Governor Leo T. McCarthy commented that "The role of the community colleges sorely needs a thorough review," and the Governor's Education Consultant Cunningham said, "It seems to me the time has come for a comprehensive study of at least certain aspects of the community colleges." The Board of Governors had already spent a year studying the mission question, and on December 9, 1983, it adopted a policy statement, "Statewide Mission Statement for the Community Colleges," that largely supported what the colleges were already doing. The policy stated community college districts "will provide" transfer education, associate degrees, certificate programs, general education, and student services; and "should provide" remediation, basic skills, continuing, and community education [emphasis added].

The Assembly Special Committee on Community Colleges, chaired by Assemblyman Robert Campbell, issued a report in January, 1984, that said community colleges had become a "system that previously has been left unnoticed and untouched by reform."[5] The committee called for a thorough State study of the role of the community colleges and proposed that academic transfer programs at the colleges be maintained at the current year's level. Republicans on the bipartisan committee felt Campbell's report was too weak and issued their own, criticizing the colleges for a "decline of academic quality" and "lack of standards." The Republican recommendations included strengthened admission requirements and dismissing students who dropped below a "C" grade average. Also published in January was a study by the State Senate Office of Research, significantly entitled, The Neglected Branch, California Community Colleges. This report provided detailed information about programs, student populations, governance policies, faculty, staff, and funding mechanisms so the Legislature could "adequately address the complexity of the financial and policy-related difficulties facing our community colleges today." The report was descriptive and analytical rather than prescriptive and concluded there was "no definitive state policy for community colleges" and the governance system was "complicated and diffuse" (Billiter, March 6, 1983; Board of Governors, 1985; "Appendix"; Kirstin Letter to Roberti, January 30, 1984 [in Simpson, 1984]; Simpson, 1984; i-ii, 11; and Trombley, December 12, 1983).

An article in the March issue of California Higher Education characterized the situation in this way: ". . . like a patient at a medical school clinic, the colleges are finding themselves the subject these days of probes and examinations from various committees, task forces and state agencies all dedicated to improving their health." Callan said, "A general consensus on what community

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student characteristics in Spring, 1983. The study found that community college students were 55 percent female, with an average age of 30 years. Their racial and ethnic characteristics were comparable to the general population, except that Asians were over-represented and Hispanics under-represented. Almost two-thirds of the students were enrolled part-time in credit courses and were less wealthy than the typical Californian. Four-fifths of them were employed. "In sum, the typical community college student body is comprised of ethnically mixed, below average income, older, part-time, working students. . ." (Hayward, 1985; 4). The CPEC report was published in California Postsecondary Education Commission, 1984b and the Field Research Corporation study was published in Chancellor's Office, 1984.

[5] Campbell's statement is reminiscent of the legislator's comment 38 years before, quoted in Chapter Two, that "we don't know enough about [the junior colleges]." The inconsistency of a state government, largely uninformed about a major segment of higher education, managing to pass 3000 statutes regulating that segment has never been explained.

colleges should be doing has broken down in this state." But Hayward emphasized a consistency in the functions and comprehensive nature of the colleges that went back to a legislative study group in 1947: ". . . while the mission has undergone only modest change, the emphasis on various program elements has changed to respond to societal changes and reflect the special needs of the communities the colleges serve."

CPEC was conducting a "major reassessment" of the Master Plan for Higher Education and studying the state's postsecondary education needs, with the findings to be sent to the Governor and the Legislature to assist with policy formation. Some community college leaders did not want CPEC to have a dominant role in any reassessment because of their concern about the organization's impartiality. They also insisted that the State should focus on the community colleges, not on all of higher education. David Viar, executive director of the California Community College Trustees, expressed the concern that community colleges would get lost in such a study and the attention would be directed at "major sexy kinds of things, like whether CSU should be offering doctorates and how many lawyers the state should be training." The community colleges wanted to force the state's governmental leaders to deal with the sensitive political issue of the colleges' role and functions. Mertes, president of the California Association of Community Colleges, was convinced that no one was prepared to tell certain groups of students they were no longer welcome in a public higher education institution. He said, "Everyone is saying we have to cut back, but no one is saying where. . . . I don't believe you're going to find legislators saying let's not help the handicapped, we can't handle the senior citizens. . ." McCuen, president of the CEO's, said: "I think our problem this year or maybe for the next two years is going to be to try to get the legislature to back off and wait until reasonable, rational studies of governance, funding, mission and accountability are done before writing legislation. . . . Trying to deal with such complex issues without any substantive and long-term study could mean ending up with a camel" (California Higher Education, March, 1984; 10-11, 17-18).

During this period, the Board of Governors commissioned several studies, two of which were mandated by Senate Bill 851. One of these, Student Matriculation: A Plan for Implementation in the California Community Colleges, was completed in April and the study's recommendations were incorporated into a bill passed by the Legislature. Much to the chagrin of matriculation supporters throughout the state, the Governor vetoed the bill in October. Deukmajian said he did not want to provide further funds to the community colleges until studies then under way were completed. The other mandated study was on differential funding and this report, entitled A Plan for Implementing a Differential Cost Funding System for the California Community Colleges, was completed in December, 1984. The plan proposed three support categories and workload measures, in addition to the one then in use, instructional support. The three were student services, general services, and maintenance and operations. Because the new workload measures were based on factors other than average daily attendance, the plan was expected to lend greater predictability to the funding mechanism. Other studies commissioned by the Board of Governors during this time were known collectively as the "Governance Project." These studies were jointly sponsored with the CCCT and were conducted by Richard C. Richardson of the University of Arizona. The purpose of the project was "to explore and develop methods of establishing mutual understanding between the state and local boards; and to review and redelineate, as necessary, the roles and responsibilities of the state board and of local boards" (Board of Governors, 1984; 50; Chancellor's Office, 1984a and 1984b).

The result of the demands to investigate and reform the community college was a barrage of legislation, perhaps unmatched since 1959, when the Legislature had authorized the Master Plan for Higher Education. The State Chancellor's Office estimated that in Spring, 1984, 100 bills in the Legislature dealt with the community college in one way or another. The new president of the Board of Governors, George David Kieffer, said the greatest need was a review of financing, mission, and governance, but he warned that some of the "reform bills" then in the legislative

hopper included "a lot of knee-jerk reaction. . . bills pitched in for the sake of appearance" (Billiter, March 16, 1984).

From the Darwinian process of legislative review two Senate bills and an Assembly concurrent resolution emerged victorious and were passed by the Legislature and signed by the Governor in September, 1984. Senate Bill 1570, sponsored by Senator James Neilson, a Republican from Woodland, called for the appointment of a 16-member Commission for the Review of the Master Plan for Higher Education. The Commission was required to submit its findings and recommendations to the Legislature and Governor by January 1, 1987. Senate Bill 2064 was sponsored by Senator Walter G. Stiern, a Democrat from Bakersfield, who had also written the legislation that established the Board of Governors in 1967. It mandated a special Community College Reassessment Study as the Commission's first priority and requested a report to the Legislature and Governor by December 31, 1985. This date was later extended to March 18, 1986. In addition, Assembly Concurrent Resolution 162, by Theresa Hughes, a Democrat from Los Angeles, established a Joint Committee for the Review of the Master Plan, made up of legislators, to which the Commission would report. Thus, the three pieces of legislation established a blue ribbon commission to review the Master Plan and a legislative oversight committee, and then made the community college mission project the first order of business. The Commission convened on March 26, 1985 and three subcommittees were established. These were Roles, Responsibilities, Goals and Missions of the Segments; Access to and Success in Higher Education; and Future Needs to the Year 2000. Kieffer represented the Board of Governors on the Commission and chaired the Future Needs Sub-Committee (Commission for the Review of the Master Plan for Higher Education, 1986a; 125-131; Kerschner, 1988; 45).

William Pickens, CPEC director of fiscal analysis, wrote at this time: "The California Community Colleges have fallen on hard times. . . Funding per student in constant dollars has declined by some 20 percent in six years; enrollments statewide have dropped 25 percent since 1981; their standing as a segment equal to the four-year systems has been openly questioned. The Community Colleges had 'a close brush with survival,' according to David Roberti, president pro-tem of the California State Senate. . ."(1984, p. 1).

III. Funding, 1984-85

Callan wrote in Fall 1984 that "For California's institutions of higher education, the 1984-85 budget represents the dramatic reversal of a pattern of reduced state support that extends back to the 1978 passage of Proposition 13." During the previous three years, the portion of the total State budget devoted to the community colleges, California State University, and the University of California had dwindled from 12.8 percent in 1980-81 to 11.1 percent of the 1983-84 budget. In that period student fees at UC had risen by 79 percent and at CSU by 216 percent. In contrast to the recent past, the current budget increased State support "radically and student fees at the university and state university, which jumped sharply every year from 1981-82 through 1983-84, have been lowered--an historic first." In addition, the State's substantial reserves of nearly a billion dollars "should insulate higher education . . . from the mid-year cuts and fee increases that were required in prior years because of a faltering economy." The increases for all postsecondary institutions brought their total budgets to $4.37 billion or 18 percent above the 1983-84 levels.

Of the three systems, the University of California received the largest increase over the previous year--$250 million or 22.2 percent, which provided a faculty salary increase of 13 percent. CSU funding was augmented by $198 million or 20.7 percent, with a salary and fringe benefit package of ten percent. Community college funding was again controversial, and the Governor had vetoed $43 million of support approved by the Legislature. This left a ten percent increase, which was, as Callan said, "a significant reversal of the pattern of reductions of the last few years, but

substantially less than the increases for UC and CSU" (California Postsecondary Education Commission, 1984a; 6-7).

Fall 1984 was the first semester general fees were collected from community college students. Enrollment decreased by seven percent, the third consecutive year of decline since the peak enrollment of 1,430,000 students in 1981. Budget and program reductions were considered to be the primary causes of the six percent loss in Fall 1982 and eight percent in Fall 1983. For 1984-85, however, the budget included increases for inflation and enrollment growth, as well as incentives to restore enrollment losses suffered the previous year. Colleges had attempted vainly to recapture lost enrollment by offering four percent more class sections than in 1983. A study of fee impact by the Chancellor's Office concluded that ". . .the new enrollment fee did contribute, along with several other factors, to the 1984 enrollment loss. The Board's new student financial aid program did not compensate to any significant degree for the fee in 1984. Low income students, black students, and part-time students taking six to eleven units were the most affected." The study also found that California's enrollment loss was nearly double that experienced in community colleges nationwide (Chancellor's Office, 1984c; 1).

When Deukmajian announced his 1985-86 budget in early 1985, he proposed a 12.2 percent increase for the University of California, a ten percent increase for the California State University, and an additional 10.6 percent for the public schools. The community colleges, however, were to receive only an 8.7 percent increase, which included a large amount of uncertain funds from the new state lottery. Deukmajian administration officials were critical of the community colleges and said enrollments had declined by more than one-fifth over the last three years because many students had concluded "there's something wrong with the community colleges." Even some Republicans in the Legislature supported the colleges and countered the administration's reasoning on this issue. Senator James Neilson said, "This is getting to be a chicken-and-egg problem. UC and CSU are getting more students as we've increased their budgets. At the same time, we've discouraged enrollment in the community colleges." Among Democratic supporters, Assemblyman Tom Hayden of Santa Monica, chairman of the Higher Education Committee, complained that the state was paying the "most for the kids who are the easiest to educate [in the UC system] and the least for the ones who pose the toughest educational challenge." The legislative analyst indicated that, when all State aid was included, UC was receiving about $12,000 per student, CSU was getting $5,200, and the community colleges trailed with $2,600 per student (Savage, June 12, 1985 and Wolinsky, February 12, 1985)).

Community college organizations banded together to form a group called "Californians for Community Colleges," to state their case to the Legislature and to the public. They released figures showing that, when adjusted for inflation, spending for community colleges increased 34 percent between 1978 and 1985, compared to 96.8 percent for UC, 73 percent for CSU, and 60 percent for the public schools. They said that whereas spending on each elementary and secondary pupil had once been about the same as that spent on each community college student, now the difference was about 20 percent: $2,592 per community college student and $3,065 per pupil in the lower grades. They requested an increase of $182 million or 11 percent in funding for 1985-86 (Shuitt, 1984).

IV. California Community Colleges, 1985

In January, 1985, the Board of Governors published its 1985 Basic Agenda. The publication said the 1978-88 decade would be marked as a watershed in the evolution of the California Community Colleges. The first five years after Proposition 13 had seen rapid changes in the policies and laws affecting the colleges, but the piecemeal approach to policy making had produced little that would have lasting effect. The report then noted:

> By 1983 and 1984, however, educational leaders and policy makers began to realize the need to address the growing uncertainty and instability that rapid and sometimes conflicting state-level policy making was bringing about. During these two years, the State set into motion several critical policies and studies that will resolve major issues and have profound effects on the community colleges and the students who attend them in the future.

These studies and policies were SB 1570, SB 2064, and ACR 162, which, as we have seen, provided for a review of the Master Plan, with primary focus on the mission of community colleges; SB 851, which established a funding mechanism until July 1, 1987 and required implementation plans for matriculation and differential funding; and AB 1XX, which consolidated various charges into a general enrollment fee and required a study of the impact of the new fee. The report saw the years 1985, 1986 and 1987 as "the most critical of the watershed years" because the review of the Master Plan would establish mission priorities; a new funding mechanism, possibly with differential funding concepts and a new fee structure, would replace the existing finance system; and more than likely, some form of matriculation would be set into place. The Board's agenda for 1985 included securing adequate, stable, predictable, and equitable funding; promoting excellence in community college programs, services, and employees; continuing to review the mission and to develop recommended policy on the establishment of priorities; and clarifying and improving the governance structure for community colleges (Board of Governors, 1985; 1 and 68-77).

Important changes were already taking place in the California Community Colleges. As the terms of office of the Board of Governors members expired, Governor Deukmajian was replacing them with new appointees; a management study of the Chancellor's Office was being conducted by Peat, Marwick, Mitchell & Co.; and Hayward had announced the previous September that he would be leaving the State Chancellor's post in July, 1985. Hayward was appointed Chancellor in 1980 and brought with him to the position considerable experience in working with the Legislature as the consultant to the Senate committees on education and finance. When announcing his resignation, he said originally he had planned to remain on the job for only three or four years, but he felt he could not leave in 1983-84 because of "the controversy and turmoil." Now, he believed he had accomplished what he had set out to do, because "the colleges are in much more stable condition than they were." Hayward was credited with working effectively behind the scene on the fee and funding compromise. Assemblyman Richard Katz said Hayward's resignation showed "the frustration people in the system are feeling. . . . Jerry [Hayward] is burned out. He has fought too many fights" (Palermo, September 13, 1985 and Savage, September 13, 1985). Some knowledgeable observers maintained that because of his close ties with the Democratic Legislature and the changing political make-up of the Board of Governors, Hayward had decided it was a propitious moment for him to move on.

When Hayward appeared before the Commission to Review the Master Plan for Higher Education at its first meeting on March 26, 1985, he reviewed the "extreme fluctuation and instability for community colleges" during the past decade and then summarized the situation:

> Community college enrollments have declined by 300,000 in the last three years. This . . . pattern has been accompanied by several significant academic policy reforms, eight different funding arrangements, sizable increases in student fees and reduced local autonomy. None of the previous six decades in the history of California community colleges were marked by changes of a comparable degree.

The 1985 Basic Agenda had stated: ". . . it is abundantly clear that community colleges have been reformed, and have reformed themselves, in many ways since Proposition 13." Hayward summarized these reforms for the Commission:

- Grading standards were made tougher
- Graduation requirements for the associate degree were revised and proficiency requirements in reading, writing, and mathematics were instituted
- Colleges designed and implemented comprehensive assessment testing and course placement programs
- Districts tightened their course prerequisites
- Avocational and recreational courses were no longer funded by the state, but were paid for by community service fees
- Regulations were passed restricting repetition of credit courses
- Attendance accounting methods were substantially improved
- Independent district financial audits were made more rigorous

Hayward concluded that "In some ways colleges are the victims of their own success. . . Our planning, administrative and qualitative assurance mechanisms need to catch up" (Board of Governors, 1985; 64 and Hayward, 1985; 4 and 7-9).

In April, Kieffer spoke to the State Academic Senate, as an individual and not representing the whole Board of Governors. He said that ". . . what kind of institutional arrangements develop over the next few years will be almost as important as the statement of mission" and he believed it was necessary to begin to discuss the subject of governance. The real question was not whether there should be State control or local control, because there would always be a need for some of each. The real issue concerning State control affecting educational policy was "should that state control be exercised substantially by an independent state education board through a deliberative process or by the state legislature through a political process. The issue at the local level is whether we will have shared collegial governance or governance by confrontation and fiat." Kieffer admonished that the Legislature to stop "acting like a 120 member community college education board," and to start making broad public policy. "They are poor craftsmen of specific educational policies because there can be no coherent planning from a political process." The state must have some entity for statewide policy and performance that has "sufficient authority to insure accountability and sufficient freedom to have credibility with the education establishment." He said the Chancellor's Office should not be an agency of State government, because the limitations imposed by virtue of acting like one "make it nearly impossible . . . to perform the functions required of an educational institution and which you [the faculty] demand in the colleges and representatives demand in the legislature." The Board of Governors should be made "a quasi-independent agency. . . with greater budgetary authority and freedom from civil service and other limitations which inhibit its ability to govern wisely." Then, "the Board and Chancellor should delegate to local districts much broader discretion in the use of funds to meet purposes as set forth in the mission and broad policies of the Board." Kieffer wanted the faculty to be "more involved in and responsible for the governance of the individual colleges." They should "establish more meaningful self-regulation and peer evaluation. . . . become more collegial and less confrontational in dealing with each other and the administration," and take the principal responsibility for setting standards (Kieffer, 1985; 2-9).

After an eight-month nationwide search, the Board of Governors on April 25, 1985, announced the new Chancellor of the California Community College System. Joshua L. Smith was president of the Borough of Manhattan Community College, part of the City University of New York (CUNY), and incoming chairman of the Board of Directors of the American Association of Community and Junior Colleges. He was a graduate of Boston Latin School and Boston University, with a doctoral degree from Harvard University. He had served as a captain in the U.S. Air Force, a program officer for the Ford Foundation, and professor of education and dean of the school of education at CUNY's City College. Kieffer said he was selected because of his "strong managerial record during difficult financial times." At Borough of Manhattan Community College, Smith had consolidated a campus of five scattered buildings into a $127 million central facility, and he was noted as an educational leader and praised for his relations with faculty unions.

The description of the situation confronting the California community colleges in the news accounts of the new Chancellor's appointment were hardly encouraging. Jack McCurdy, in Chronicle of Higher Education, quoted one state official as saying that the system had been through a "blood bath" in recent years and was suffering "fiscal anorexia." A faculty union leader warned that Smith would confront a "political pit that is driving us all nuts." Hayward, contrary to his explanation when he resigned, acknowledged the colleges were in a "downward spiral" and Kieffer had just announced his proposal to abolish the present chancellor's office and replace it with "a quasi-independent corporation" to run the two-year college system. Smith indicated he favored more State control: "There is no question that there will have to be changes and that the chancellor's office and the board of governors will have to be strengthened," but the changes "do not have to be made in a punitive way or in a way that interferes with the academic program" (McCurdy, 1984).

These short, dramatic descriptions of the community college condition in 1985 were not so much inaccurate as they were incomplete. The State of California and its new Governor had faced a severe financial crisis in 1983. Even before the fee and funding crisis was settled in early 1984, the state's economy had become reinvigorated and the State treasury benefited from larger than anticipated revenues. The problem was no longer an economic one, but continued as a political confrontation between two conflicting philosophies about who should be educated and how that education should be financed. The community college at both the state and local levels had gotten the message about expectations of reform. While some districts might fight the imposition of general student fees by the Governor or resist increased emphasis on transfer and vocational education by the Board of Governors, most were not in opposition to the overall idea of reform. Indeed, the list of reforms recited by Hayward to the Commission as already achieved was an impressive one. The new president of the Board of Governors had his own ideas about how the community college should be governed at the state and local levels. The Legislature and Governor had agreed on a process, though obviously a cumbersome one, for analyzing and reforming the mission, governance and funding of the community college, as the top priority in reviewing the Master Plan for Higher Education. Even though progress toward resolving the issues was being made, the question that needed to be answered in the 1985-87 period was, would the state establish clear policies about what the community colleges were expected to do and how they were to be governed and then institute a funding system that would provide a reasonable level of resources to enable them to perform their revised mission?

CHAPTER FIVE: The Crisis Climaxes, 1985-86

In 1985-86 the California Community colleges were educating approximately 1.2 million students at 106 colleges operated by 70 districts. It was the largest community college system in the United States, enrolling one-fourth of all community college students and one-tenth of all college students nationally. Its colleges employed 60,000 faculty and staff and were housed in 3,400 structures, 62,000 classrooms, and 43 million square feet of space, with a replacement value of $5 billion for facilities and $1 billion for equipment (Commission on California State Government Organization and Economy, 1986; 2).

David Savage described the financial situation for higher education in a special section on "Budget" in the October, 1985, California Journal: "For the second year in a row, California's public universities got a double-digit funding boost from Governor George Deukmajian and the Legislature, an increase that has stopped all talk about the decline of the state's highly regarded university system." In 1985-86 the University of California budget rose 14.2 percent to $1.66 billion and the California State University was increased by 11.4 percent to $1.28 billion. The growth in the two systems' budgets was on top of increases of 22.2 percent and 21 percent, respectively, for the year before. The assumption that the State's economic success depended on the quality of higher education was an important factor in the generous funding for the universities, but was not similarly applied to the community colleges. Savage said:

> While the UC and CSU campuses conjure up visions of future scientists, doctors and engineers for the benefit of the governor and the Legislature, the community colleges seem stuck with an image of aerobics and macramé, an image that has apparently harmed the colleges as they appeal to elected officials for a bigger share of the state's dollars.

The community college increase in State appropriations was only nine percent, to $1.2 billion. Deukmajian vetoed $73 million added by the Legislature. While the Governor's aides pointed out that spending per student had gone up 30 percent during Deukmajian's three years in office, community college officials complained that as student enrollments dropped, their institutional budgets stayed about the same in dollars. Reductions in class sections led to enrollment losses, and administrators were unable to cut spending as fast as enrollment declined. The Governor was not entirely unfeeling about the plight of certain districts with drastic enrollment reductions--notably Los Angeles and Peralta--and provided $31 million in temporary aid to such districts. To help colleges with a critical need for equipment, the Legislature created, and the Governor accepted, the first special fund of $26 million for equipment purchases. However, the special funds for enrollment decline and equipment, along with an estimated $33 million from the new state lottery, were one-time only funds and were not added to the colleges' regular funding base (Savage, October, 1985; 12-13).

I. The New Chancellor

When Joshua Smith took up his new responsibilities in September, 1985, he was chagrined to discover that the State Chancellor's Office had only recently completed the changeover

from manual to electric typewriters and possessed not one word processor.[6] Later, he would describe the Chancellor's Office as "a decaying bureaucratic system with nineteenth century automation." The information system was in "total collapse" and would require at least three years to modernize. Despite the antiquated condition of his office, which he renamed "The Chancellory," Smith moved quickly to become the spokesperson for, and in many ways a critic of, the California community colleges (Smith, 1986; 5-6).

Smith recognized that the community colleges had deficiencies. Many students were academically unprepared, stayed in school without making progress, and eventually dropped out. Counseling was inadequate and the need for remedial work excessive. He said that students should be given every opportunity to succeed, but that "We will not become educational parking lots for anybody." Smith wanted to have incoming students take placement tests and to raise the minimum grade point average from the existing 1.75 (a "C-" average) to 2.0 (a "C" average). He favored a free flow of students among districts. He said this would recognize the colleges as part of a system and acknowledge that students were adults who should be able to chose where they wished to attend. He pointed to "waste, mismanagement, lack of imagination and fear of change [that] are allowed to run some of our institutions." His appraisal of the Governor was that "contrary to what some people think, he's not an enemy of the community colleges. . . . It is my belief that if we can articulate clearly enough what it is that we are about, the governor will be sympathetic." He felt that Deukmajian and the Legislature were receiving mixed signals from various groups representing only segments of the community colleges.

Smith's previous experience had been with urban and state systems where community colleges were grouped with senior institutions, and he compared California community colleges unfavorably with the UC and CSU systems. He warned that the two-year college would continue to be a weak sibling to the other two segments of higher education unless it presented a "unified voice," and that community colleges needed to "get our act together." His answer to the disintegration the colleges were undergoing was to give the State Board of Governors and the State Chancellor's Office more authority. The community college system, he said, was administered by "an emasculated board of governors endowed by the Legislature with awesome responsibilities and puny authority, forced to [exercise] its will through a Chancellor's Office that is completely controlled and run by the state's civil service bureaucracy." Without greater power for the Board of Governors and the Chancellor's Office, community colleges would never have the degree of autonomy and influence state universities had (Glascock, June 15, 1986; Schmidt, April, 1986; 215; Shrag, January 23, 1986; and Werkman, December 16, 1985).

During his first year as Chancellor, Smith said the community college system was undergoing "the most intense scrutiny in its history." The Board of Governors was looking into the governance and funding of the colleges. The Commission on California State Government Organization and Economy was investigating the adequacy of financial accountability of community colleges, particularly those districts engaged in deficit spending. The Committee for the Review of the Master Plan was carrying out the mandate of the Legislature; that is, to first reassess the community colleges before dealing with all of higher education. Finally, Tom Hayden, chairman of the Assembly Subcommittee on Higher Education, was conducting a separate study of the Master Plan. Several hearings were held by these groups in Fall, 1985 and the results of the studies were issued in early 1986.

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[6] By June, 1986, Smith's request for office automation equipment was still, to quote his mixed metaphor, "bottled up in the bowels of the appropriate agency in charge because it seems we didn't do a good enough job of explaining how productivity would be increased by moving into the twentieth century" (Smith, 1986; 6).

II. Financial Studies

Because the SB 851 funding mechanism was due to expire on July 1, 1987, the Board of Governors was reevaluating community college finance, to determine what changes needed to be made. A staff report, "Principles for Community College Finance," observed that in 1984-85 student enrollment fees represented 4.5 percent of total general apportionment funds, local property taxes 27.9 percent, and State appropriations 67.6 percent. In 1979-80 the State's contribution was 78 percent, with the local property tax share at 22 percent. Property tax assessments had climbed an average of 12 percent per year and student enrollment fees had been instituted. As a result, the State's real dollar contribution had grown by an average of only 1.5 percent per year and the percentage of revenues provided by the State had slipped from 78 to 67 percent. Overall funding had increased by an average of only 4.5 percent each year since 1977-78, while buying power had decreased by 11 percent. Had statewide production of ADA not slipped by 10 percent, the loss in buying power would have more than 20 percent.

The amount of State general apportionment assistance varied considerably among the districts, from West Kern County Community College District, which received none, to San Francisco Community College District, which received 90 percent of its revenues from this source. These variations resulted primarily from differences in property taxes collected per Average Daily Attendance (ADA), because the State's contribution automatically fell as property tax revenues and enrollment fee receipts increased. The State's contribution would reduce as enrollment declined, but property taxes were not affected by enrollment, so that they could stay the same or increase. The third source of the appropriation was the enrollment fee, and the losses here represented only a small portion of revenues. Thus, the report observed, "The State's funding mechanism has evolved over the years to one that protects the State against the possibility of large increases in the State's fiscal obligations and, at the same time, provides the opportunity for significant State savings as enrollments decline or property values and the resulting taxes go up."

Recent experience, the report said, showed that refinements were required in the funding mechanism "to address the need for stability and greater responsiveness in the system." Three important problems and solutions were identified in the report:

1. Districts losing ADA and revenue found that expenditures could not be reduced in plant operations and maintenance and in student services (because these were not directly related to ADA count) and in faculty (because preserving curriculum balance for reduced enrollments required smaller class sizes rather than fewer class offerings). The suggested solutions were to adopt differential funding and, if ADA declined, to reduce revenues over a longer period.

2. The growth factor was tied to adult population change, which would provide for a 1.6 percent increase in ADA for 1985-86. This meant that any district that had experienced a 20 percent enrollment decline would take more than 10 years to restore service levels. The possible solution was to allow greater growth and program restoration for districts with unusually large ADA declines.

3. ADA was calculated with adjustments for a presumed absence factor of nearly nine percent and by using the average of two census weeks, at different times in the semester. This was so, even though college expenditures had already been committed and did not fluctuate, either with student absences or withdrawals between the two censuses. The potential solutions were to eliminate or reduce the "absence penalty" and to adjust the census procedure

The first study report, published in 1986, was "Inadequate Financial Accountability in California's Community Colieges" by the Commission on California State Government, Organization and Economy, better known as "The Little Hoover Commission." Established in 1962, the Commission had the responsibility "to review the management and operations of State funded activities and recommend ways for the State to operate more efficiently and effectively." It began its study of the California Community Colleges in August, 1985, because of "the increasing pattern of deficit spending by certain districts." Its analysis concentrated on "the adequacy of financial accountability in the system through case studies of the four college districts which completed their last fiscal year with operating deficits--Los Angeles, Peralta, Lassen, and Chaffey." Based on numerous interviews, two public hearings and extensive data, the analysis had been coordinated with the Commission on the Review of the Master Plan for Higher Education.

The Commission found community colleges were experiencing increasing financial problems, with one-quarter of the 70 districts operating under "questionable" financial conditions in 1984-85. The problems were caused by deficit spending, decline in ADA, inadequate financial reserves, and poor management. The four districts with year-end negative balances had practiced deficit spending for three to five years, and at least two "did not make the tough decisions necessary to operate within a balanced budget." The shared governance structure linking the State and local boards was confusing, resulting in a lack of accountability at both levels. The Board of Governors and State Chancellor did not have adequate information to evaluate local districts nor sufficient authority to provide direction to the districts or to intervene against those that were poorly managed. In the past local boards had been held accountable by local voters for their use of tax funds, but now the State was responsible for rescuing boards that overspent and managed poorly. The integrity of local boards was further compromised because they were elected by small fractions of the registered voters, served only part-time, and, lacking staffs of their own, had to depend on district chancellors for information and recommendations. The credential requirements for community college administrators limited the number of professional administrators in the system and the civil service processes controlling the State Chancellor's Office did not produce the staff necessary to provide educational leadership for the system. The existing ADA funding mechanism relied on a single workload measure and was inappropriate and ineffective for a segment of higher education.

The Commission made several recommendations to strengthen accountability within the system. The Legislature should increase the authority of the Board of Governors and the State Chancellor's Office. The added powers would include the following: withhold State funding to enforce compliance, establish spending levels and priorities, provide cash loans from a revolving fund and secure third-party loans, unilaterally conduct financial and operations audits, and intervene in the management and administration of a district failing to manage its fiscal affairs properly. The State Chancellor's Office should develop a management information system with the authority and resources to assure its accuracy and consistency, as well as an "early warning" audit system. Administrative positions should be opened to all qualified applicants by eliminating the State credential requirements. Multi-campus boards of trustees should retain independent auditors or audit staffs to provide objective analyses of district operations. A categorical funding mechanism for the community colleges and an alternative personnel system for the State Chancellor's Office should be considered.

The Commission's study attempted to answer what it called "one simple question": "Who is financially accountable, and who is ultimately in charge of the $1.7 billion spent each year in support of our community colleges?" The Commission claimed it "never received a clear answer" to what it considered as "this most fundamental management question." Given the

local district organization of the state's community colleges, of course, this was not a question to which the Commission was likely to find a simple answer. The Commission should have been aware of the complexity of this statewide organization, because it had been studying the K-12 public education system for the previous ten years. While the Commission acknowledged the community college system could not be structured exactly like a corporation, it finally concluded that the answer to its question was, "no one is accountable and no one is in control" (Commission on California State Government Organization and Economy, 1985a; 3; and 1986; i-vi, 1, 4-24, and 41-44; Shapell to Deukmajian, Roberti, and Brown, Jr. in Commission on California State Government Organization and Economy, 1986; 1-3).

III. The Master Plan Commission

In March the Commission for the Review of the Master Plan for Higher Education issued its report, The Challenge of Change, A Reassessment of the California Community Colleges. Through hearings and preliminary drafts of the report, the direction in which the Commission was heading had been known for some time. Certain issues had already provoked considerable controversy. The most serious opposition from community colleges concerned local boards of trustees. At a hearing held in October, 1985, Commission Chairman Gary Shansby said, "It's crazy to have 70 different governing boards. We need a better way to govern the community colleges. The system just isn't as effective as UC or Cal State." CPEC Executive Director Callan also thought the governing arrangement for the community colleges needed to be changed. He anticipated the conclusions of the Little Hoover Commission when he said, "No one knows who is in charge or who is accountable." Chairman Shansby tried to take a hard line on the issue: "I don't want to seek a compromise plan that will just try to please the greatest number of people. We've got some tough decisions ahead of us and we'll make some people angry." Over the next few months Shansby, who served as chairman and chief executive officer of the San Francisco-based Shaklee Corporation, and others on the Commission were to learn the fine art of compromise.

In January a draft report proposed, as one option, that the colleges be organized into 12 regions, each to be run by an administrator appointed by the State Chancellor. This proposal would have deprived the local boards of their main functions, and the outcry from the local districts was strenuous and unanimous. The regional plan was dropped as an option by the Commission at its February meeting, reportedly after State Chancellor Smith voiced his opposition. Smith told the Los Angeles Times, "I think it would be tremendously disruptive to the system and cause the academic reforms to be sidetracked."

The final report in March represented a compromise on the governance issue, though Shansby commented that "We wanted to say these colleges are post-secondary in nature and we want to give more clout to the Board of Governors." The Commission recommended "That the Legislature increase the Board of Governors' authority with respect to admission standards, program development, data collection, faculty and staff affirmative action, and budgeting and allocating State support . . ." The terms of office for members should be increased from four years to eight and the staff of the State Chancellor's Office should be removed from the State civil service system. The Commission wanted the Board to issue annual "report cards" on each district, to conduct management audits of local districts when necessary, recommend changes in management practices, and appoint a special trustee if a district failed to comply. While the Commission did not recommend changes in local district organization, it planned to continue its examination of these governance structures. It also recommended that elections for trustees be held in November of even-numbered years and

that the Board of Governors provide "a systematic training program for district governing board members." Senator Gary K. Hart, Democrat from Santa Barbara and Chairman of the Senate Education Committee, expressed his disappointment that the Commission decided to "take a walk" on the issue of who should govern the colleges. At the request of several Los Angeles area legislators, the Commission also decided to delay any recommendation on the free flow issue (Savage, October 20, 1985; February 10, 1986; March 19, 1986; and April, 1986; 214; and Commission for the Review of the Master Plan for Higher Education, 1986b; 17-20).

Another controversial issue concerned student access to the colleges. Republican Legislators favored setting an "academic floor" so that students with inadequate learning skills would not be allowed into college courses, but Democrats fought to uphold the "open door" tradition of admitting all students into most courses. The dispute was largely put on hold while the Commission conducted its study, so its recommendations were awaited with some anticipation. Here again, Stansby had expressed himself at the October hearings by saying that "I don't think the state can continue to provide completely open access to colleges. I don't think that's affordable or reasonable." Many legislators and community college officials were determined to resist any attempt to force students with low academic skills out of the colleges. Los Angeles District Trustee Marguerite Archie-Hudson expressed this sentiment at the hearing. She said an academic floor "would be the worst decision California could make. Any citizen who is 18 ought to have a right to higher education, and we shouldn't let the community colleges become elitist institutions like the University of California." Lee Kerschner, executive director for the Commission, said "the most difficult issue we face is how to find a balance between access and quality."

The Commission's final report recommended "That the Governor and the Legislature join in a reaffirmation of open access to the California Community Colleges as a cornerstone in the State's efforts to provide equal opportunity to all high school graduates and others at least eighteen years of age capable of profiting from the instruction offered." But the Commission also recommended that the Board of Governors "combine open access with clearly defined academic standards," establish "minimum academic skill levels appropriate for the different types of courses and programs offered," and "strengthen current probation and dismissal standards for students." The report called for "a mandatory assessment, counseling, placement, and follow-up program" and "that the Legislature and Governor provide adequate funding for the program."

The Commission recognized that open access for students who lacked the skill levels required for classes was no access at all, and recommended that "Students needing academic assistance or additional preparation should be provided access, through remedial programs, to enable them to enter college courses in a reasonable period of time." The remedial courses should to be offered as non-credit courses and should not be counted towards the degree. Although it endorsed a restriction of thirty semester units of remedial course work, the Commission said students needing additional work should be directed to programs in adult basic education. English-as-a-Second language and learning disabled students should be exempt, and counselors could request waivers for students who were making significant, measurable progress. Enrollment in remedial courses should be mandatory, based on student assessment, counseling and placement programs.

Assemblyman Tom Hayden, Democrat from Santa Monica and chairman of the Assembly sub-committee on postsecondary education, felt the report was too restrictive regarding remediation. He said community colleges needed to do more, not less, for the least prepared students, and that the Legislature would have to carefully explore whether the Commission was recommending what was "really an exclusive system that would just retain the lip service

to open admissions" (Savage, October 20, 1985 and March 19, 1986; and Commission for the Review of the Master Plan for Higher Education, 1986b; 5-6 and 11).

As expected, the Commission's basic position on the curricular aspect of community college Mission and Functions was to confirm the stand taken by the Board of Governors. The Commission recommended "That the highest priority and primary functions of the California Community Colleges be reaffirmed as the provision of rigorous, high quality lower division instruction for students who wish to obtain associate degrees, transfer to a four-year institution, or prepare for an occupation." The Commission affirmed remedial education "as an important function of the colleges," with State-funded, non-credit, adult education and fee-based community education as "authorized functions." The report also called for the three segments of higher education to "cooperatively develop and maintain a general education transfer core curriculum which, with the courses required for specific majors, will ensure transfer to the University of California or the California State University. . ." (Commission for the Review of the Master Plan for Higher Education, 1986b; 7-9).

The Commission report included a section on "Faculty and Administrators." Here, it recommended discontinuing credential requirements for faculty and administrators; developing plans for strengthening faculty and staff affirmative action policies and professional development programs; and, for compensation, requiring part-time instructors to participate in student advisement and curricular development. The Commission took on the issue of faculty tenure, which currently was granted after two years without peer review. The report recommended that the number of years served before tenure could be granted should be set by the Board of Governors. It suggested setting this minimum at four years, establishing a formal system of peer review for tenure and periodic review thereafter, and basing salary schedules primarily on academic rank (Commission for the Review of the Master Plan for Higher Education, 1986b; 13-16).

Concerning community college finance, the Commission recommended continuing the current system of allowing "State General Fund support to fluctuate with the relative increase or decrease in property tax revenues." Since the district governing boards no longer set the property tax rate, the Commission reasoned a change would be more disruptive than helpful. Even so, the major recommendations sought to bring community college finance more into line with that of the other postsecondary systems. The mechanism should be more flexible, with the formula removed from statutes and budget instructions worked out by the Board of Governors and the Department of Finance. A simplified system of differential funding should be used to allocate State support to the colleges. The new system should incorporate workload measures for student services, plant maintenance and operation, and campus administration, in addition to the existing enrollment workload measure. Full-time equivalent enrollment (FTE) units should be substituted for the existing ADA units and a method developed for lessening the impact of enrollment fluctuations. Part of the Board of Governors' enhanced authority would come from the Board's power to establish rules and regulations for allocating State funding among districts, as opposed to the current system of applying a formula already set by the Legislature and Governor (Commission for the Review of the Master Plan for Higher Education, 1986b; 21-23).

While dollar figures could not be placed on all these recommendations, the preliminary cost estimate in the report was $70 million. By far the greatest part of the expense, $50 million, was for the mandatory assessment, counseling, placement, and follow-up programs. Senator Hart, who generally supported the report, wondered whether Commission members would lobby the Governor for the additional funds necessary to implement the recommendations. "The question is, will they go to bat for these reforms in Sacramento?" he asked. Deukmajian had already vetoed the bill establishing an assessment and counseling program similar to the one proposed by the Commission. In doing so, he said he was

awaiting the completion of the studies on the community colleges. Now that both the Little Hoover Commission and the Master Plan Review Commission reports were published, the Governor needed to wait no longer (Commission for the Review of the Master Plan for Higher Education, 1986b; 27-28; Savage, March 19, 1986).

IV. Beyond the Master Plan

When Commission Chairman Shansby was quoted in the Los Angeles Times as saying that the community colleges were less effective than UC or CSU, Los Angeles Trustee Harold Garvin took him to task in a letter to the editor. Garvin said the community colleges were more effective than the other two systems in terms of the number of students educated and the cost of this education, particularly considering the academic preparation and the economic hardships of the students, as well as the inadequacy of State support. A similar point of view was elaborated in the March, 1986 report, Beyond the Master Plan, A New Vision for Higher Education in California, issued by Assemblyman Tom Hayden. While the report identified him as the chairman of the subcommittee on higher education of the California State Legislature (rather than the Assembly), it credited Hayden as the sole author, and acknowledged contributions from only two others. One of these was Dr. Alexander Astin, professor of higher education at the University of California, Los Angeles and president of the Higher Education Research Institute, whose ideas appear to have exerted quite an influence on Hayden's thinking. Astin had testified before the Joint Legislative Committee on the Master Plan, of which Hayden was a member, at its August 27, 1985, meeting. There he said the quality of higher education was generally based on "reputation" and "resource" definitions. Reputation relied on national polls and surveys and tended to become a popularity contest, while the resource approach focused on measurable variables, such as endowment funds and the average SAT of entering freshman. He suggested that a more reliable definition of quality was "talent development," which would measure an institution's ability to enhance the students' knowledge and skills. The talent development approach was not hierarchical, as were others, and made it possible for more institutions to be rated at a high level (Garvin to Los Angeles Times, November 9, 1985; Hayden, 1986; Hirsch, 1985; 3-4; Savage, October 20, 1985).

In Beyond the Master Plan, Hayden wrote that while the immediate impetus for reviewing the plan had arisen from the crisis in the State's community college system, such a reexamination was overdue for other reasons. These included "the competitive pressure of a new Pacific Rim era, the need for technological innovation and a more educated work force, the challenge of educating vast numbers of under-prepared minorities, and the need for a renewal of general education." Hayden incorporated Astin's ideas into his description of the shortcomings of the existing Master Plan: "The structure of higher education, as envisioned in the Master Plan, is a hierarchical pyramid that promotes a 'reputational' or 'resource-based' definition of excellence, and which embodies an educational Darwinism in practice." At the top of the pyramid was the University of California, in the middle was the California State University, and on the bottom were the community colleges, one of whose major functions was to transfer lower division students to four-year institutions. "This system of educational stratification roughly parallels the social structure of California," Hayden said, "with low-income and minority students tending to enroll most heavily in the community colleges." State funding per undergraduate student reaffirmed these status distinctions, with UC at $4,356, CSU at $3,291, and the community colleges at only $1,716.[7] The transfer

[7] Hayden got his figures from the Legislative Analyst Report, "Overview of Postsecondary Education in California," February 8, 1985. They were derived from calculations of "the marginal cost to the state of each undergraduate student." A background paper for the

function was "a vulnerable cornerstone of the Master Plan," since only a small percentage of community college students actually transferred. Community college freshmen tended to have poorer academic preparation, be more often enrolled part-time, and have more job and family obligations. Moreover, they studied with more part-time instructors, and in a less purely academic environment than their counterparts at UC or CSU. Hayden asked, "By what magical process can a community college freshman be expected to make up this initial disadvantage in two years? It is a testament to individual pluck and to the quality of the community colleges that so many not only make it but are able to compete academically in the four-year institutions at all."

Hayden acknowledged that, with all its flaws, "California's higher education system is as good as, or better than, any other. Any alternative approach, therefore, should build upon the Master Plan rather than dismissing it on behalf of utopian blueprints." He suggested three areas where fundamental reforms would help to solve the problems:

1. Adopt Astin's talent development approach for measuring whether institutions were actually improving their students' skills and knowledge. This would provide an incentive to concentrate on the under-achieving student, because that student's potential for development might be greater than the over-achiever, and a community college might do a better job of talent development than a university campus.

2. Use budgeting for performance, which would fund "institutions not just for the number of warm student and faculty bodies they manage to hang on to, but for the quality of educational experience they deliver." The community colleges enrolled the students most difficult to teach and were expected to accomplish this on less than half the money UC received per undergraduate student. The funding system for community college transfer students would have to revised.

3. Forge a new partnership between the three segments of higher education and between them and the K-12 system. Instead of a pyramid of status, higher education would be more like a triangle with each system a cornerstone for the others.

Just where Hayden's report and recommendations would fit into what was already a cumbersome structure for reviewing the Master Plan--with a blue ribbon Commission and a Joint Legislative Committee--is hard to determine. When Commission Executive Director Kerschner was asked about that, he said he did not view Hayden's proposals as usurping the Commission's charge, but rather as posing "provocative questions" which could lead to change. Hayden was invited to present his paper at the next meeting of the Commission (Hayden, 1986; i-ii, 3-7, and 17-27; Smith, March 11, 1986).

V. Understanding Governance

In April, 1986, the Office of Legal Affairs of the State "Chancellory" published its study, Understanding Community College Governance, A Background Paper to Assist Governance Reforms. The report maintained that "Community college governance is probably the most

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Commission for the Review of the Master Plan for Higher Education, however, states that "reliable data regarding the cost of educating each student in a public or private institution remains elusive." The main problem in such calculations is allocating faculty time among programs and levels of instruction. The Legislative Analyst used faculty costs derived from budget formulas rather than actual staffing patterns (see Commission for the Review of the Master Plan for Higher Education, 1986c; 10, 11).

controversial and least clearly understood of all issues currently facing California's community colleges." The purpose of the paper was "to contribute to and encourage an informal discussion of community college governance, and more particularly to assist with the comprehensive review of the Education Code. . ." The report described the development of governance structures for public education since the Constitution of 1849, the governance changes proposed by the 1960 Master Plan for Higher Education and implemented in the Donahoe Higher Education Act, and the subsequent evolution of community college governance. Between 1978 and 1986 legislative intervention in community college matters had increased, and over 1750 provisions of the Education Code affecting community colleges had been added, amended, or repealed.

The study compared in detail current governance structures for the University of California, the California State University, the community colleges, and the public schools. It found that for UC and CSU, the Legislature had transferred broad authority to control and direct the various campuses and had consolidated this authority within the system-wide governing body. For the community colleges and public schools, however, the Legislature dispersed authority by reserving some of it to the Legislature and specifically assigning other powers to either the State governing board or to the local districts. The Legislature had not only delegated away its authority to control UC[8] and CSU, but also dealt with those governing boards only in broad terms through relatively few statutes. The Legislature dealt directly with the local community college districts, as with the public schools, and specifically prescribed their powers and responsibilities through over 2,000 Education Code provisions. The report said, "Authority over the K-12 and community college systems remains . . . centralized in the Legislature," because the Legislature chose "not to consolidate it within either the state governing board or the governing boards of local districts." The nature of their governing boards contributed as well to the difference in autonomy between the two kinds of systems: UC and CSU are comprised of the state-level governing boards together with the campuses; the community college and public school structures are made up of only the local districts, while their state-level governing boards are agents of the State.

Understanding Community College Governance summarized the situation as follows:

> The current community college governance structure is a relatively ineffectual and confusing hybrid of secondary and postsecondary structures that neither has clear lines of accountability nor provides accountability; that is so extensive and prescriptive as to be inflexible; that has impeded the functioning of the Board of Governors as a systemwide governing board by conceiving and treating the Board as an agent of the State; and that, until the structure is improved, will continue to both force and encourage the Legislature to play the major role in community college policy making.

The report did not to recommend specific reforms of community college governance, but rather set forth four broad principles to guide the revision of the governance structure:

1. "The new structure should both clarify and fix lines of accountability." Greatly reducing the number of statutes which applied directly to the districts should be considered and which unit would be responsible for monitoring and enforcing each law should be specified.

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[8] In the case of the University of California, this delegation was mandated by the State Constitution.

2. "The new structure should reflect the unique mission of the community colleges." As community-based institutions, the community colleges should maintain a strong mechanism for local decision making, with the locally elected boards of trustees continuing as a vital part of the governance structure.

3. "The new structure should be a postsecondary system with governance shared between the local boards and the Board of Governors." The Board of Governors would "provide leadership, direction, and oversight for the system and to represent the system to the State," while the local boards " would operate the colleges" and "be primarily responsible to their communities and the Board of Governors for these institutions."

4. "The costs of making the governance structure work should be recognized and provided for." In developing the governance reforms, adequate fiscal and human resources had to be provided in order for the new governance structure to work (Office of Legal Affairs, 1986; i, 25, 42-44, and 53-56).

Regional administration of the colleges, considered by the Commission for the Review of the Master Plan for Higher Education, was one way of strengthening the powers of the State Board and Chancellor; however, Understanding Community College Governance suggested another means. The Legislature should relinquish some of its authority over the community colleges and allow the Board of Governors and Chancellor's Office to become a part of the community college system and provide it with leadership and direction.

VI. The Joint Committee

The Commission on the Review of the Master Plan for Higher Education presented its report, The Challenge of Change, to the Legislature's Joint Committee for Review of the Master Plan on April 2, 1986. The joint committee then held two public hearings on April 10 and April 25, 1986, to receive testimony and reaction to the proposals of the Commission. A major concern expressed at the hearings regarded the Commission's recommendation that students would be tested before being admitted and, on the basis of this assessment, placed into remedial courses. Community college representatives called this an elitist proposal that would discourage blacks, Hispanics, Asians and new immigrants from attending the colleges. Del Anderson, a Harbor College dean who had consulted with the State Chancellor's Office on its matriculation plan, said, "Many people fear that mandatory testing and placement will lead us back to the pre-1960's era, when the colleges were predominantly white and when tests were used unfairly to discriminate against minority students."[9]

The Commission report said "access is only half the task; the other half is to improve the probability of success for every student by making learning more meaningful and demanding. . ." Its proposal for mandatory placement was in keeping with the position espoused by State Chancellor Smith. In a November, 1985, speech at the Claremont Graduate School of Education, Smith had said, "We at the community colleges have made the commitment to give people who can benefit from instruction an extra push, a second and even a third chance. We must bring them into the colleges, assess them carefully, place them in the correct courses, make certain that they have a pair of shoes if they are academically barefooted in terms of skills, and then give them an opportunity to run the race." He said that the open door is often a "revolving door" for students who entered with aspiration but lacked

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[9] Both the Los Angeles Project ACCESS and the State Chancellor's Office plan used testing and counseling for advising students, but not for the mandatory placement of students into courses.

skill and clear direction. The colleges "should forever banish from our language the phrase 'Students have a right to fail.'" One commentator observed that Smith combined "both the instincts of a liberal who favors the open door and the conservative's respect for educational standards."

After the hearings, the Joint Committee staff prepared a matrix document comparing the recommendations of the Commission with all others. Committee Chairman John Vasconcellos appointed a four-member executive committee, which met to discuss the matrix and requested that staff prepare a comprehensive report with proposals and recommendations for the Joint Committee. The draft was presented to the executive committee on June 2, 1986, and the staff was directed to distribute it to the Joint Committee members and to the public. The executive committee felt that the draft report was "a strong and creditable document which would provide the basis for discussion, comment, and critique." It was considered as just a draft, however, and the members of the executive committee did not necessarily agree with all of its provisions. A hearing was scheduled for June 24 and CPEC was asked to conduct an assessment of the costs of the various proposals (Commission for the Review of the Master Plan for Higher Education, 1986b; 5; Joint Committee for Review of the Master Plan for Higher Education, 1986; i-ii; Savage, April, 1986; 214; and Washington, April 26, 1986).

The Joint Committee's draft went to great lengths to respond to the criticisms that had been leveled against the proposal for mandatory assessment and placement in the Commission's report. The draft said "It is the intent of the legislature that a mandatory assessment and counseling system is intended to facilitate, and not restrict, access to college instruction, and to further enhance student awareness of his or her own abilities, skills and potentials." This was to be accomplished in a variety of ways: by an assessment that would "include both cognitive and non-cognitive skills" and "face-to-face personal assessment of individual motivations and aspirations"; by a task force of educators who would evaluate the existing assessment instruments "to identify a range of instruments which are both reliable and sensitive to cultural and linguistic differences"; and by "developing community outreach programs directed at target populations" to explain the purpose of the assessment and counseling system (Joint Committee for Review of the Master Plan for Higher Education, 1986; 3-6).

The above summary includes only a few of the 14 statements "of intent" and "of understanding" contained in the "Access" section of the Joint Committee's draft and which had grown out of the three recommendations by the Commission on this subject. In all, the Joint Committee included 89 proposals compared to the Commission's 68, and many of the Commission's recommendations were not included. While the Joint Committee's document was only a draft and all recommendations were not necessarily supported by even the executive committee members, it gave every indication of perpetuating the problem identified in Understating Community College Governance. The Legislature was continuing to deal with the community colleges in detailed terms rather than through statements of broad policy.

When Chancellor Smith made his presentation at the Joint Committee's hearing on June 24, he referred to the work of the Commission, particularly the recommendation that a community college system should be created "in the realm of higher education." He said that the Joint Committee's draft "picks up where the Commission left off, giving context and adding to the richness of its recommendations," and commented on several areas covered in the draft. The report needed "some fine tuning" and his staff was preparing a list of suggestions for this. He pointed out that the draft "tends to be overly prescriptive" and gave an example of where even the academic background of committee members was described. Then, Smith said:

> The proliferation of overly prescriptive statutes serves to add to the body of unexecuted law which currently clutters Title 5. It also serves to send the message that the Legislature intends to set itself up as policemen over bodies from which it expects action, but which it does not trust.
>
> I beg you to make a leap of faith and facilitate the jobs we perform for you by respecting our abilities as professionals. In the long run we will be become better able to give you and the people of California a better accounting if you express to us your expectations in the broadest possible terms while demanding results.

Smith asked the committee not to leave the situation as it was and "in doing something, please understand the value of a thorough, comprehensive change; reject the piecemeal approach and choose to reconstruct a badly designed structure." He said that the Office of the Chancellor needed to be reconstituted and given greater resources with which to do its job. The governance structure had conspired, along "with woeful understaffing and a general lack of resources to turn us into the laughing stock of higher education." Smith confided that he was frustrated and "that many a depressing and exhausting night I have considered bailing myself out." But Smith reiterated his belief in the future, the students, and the community colleges, and he said he was kept on course by the Board of Governors and the dedicated people with whom he worked (Smith, 1986; 2-6).

CHAPTER SIX: The Crisis Subsides, 1986-87

I. Funding

Governor George Deukmajian was confronting his old adversary from the previous gubernatorial race, Tom Bradley, in the November 4, 1986 election.[10] The 1986-87 State budget was his last in the current term, and it was helping him to receive good marks on his education record. One election analysis said that Deukmajian "has poured more new money into public schools and colleges than any California governor in nearly 20 years, reversing the long slide of the 1970's and putting public education back on a road toward reform and renewal." In Governor Edmund G. Brown, Jr.'s last budget, for 1982-83, public schools, state universities, and community colleges received $11.13 billion. Despite Deukmajian's June veto of $283 million for community colleges and public schools, the 1986-87 budget for education was $16.98 billion, a 52 percent increase during the four-year period. The University of California's budget went from $1.11 billion to $1.79 billion, a jump of 61.2 percent, and support for California State University grew from $950 million to $1.36 billion, an increase of 43.1 percent. Faculty salaries at the two universities, which had fallen behind those at comparable institutions in the early 1980's, were once again competitive. Student fees in the two systems, which had doubled in a two-year period at the end of the Brown administration, were lowered by about $70 in 1984 and had held steady since that time. The budgets for public schools grew from $8.0 billion in 1982-83 to $12.1 billion in 1986-87, an increase of 51 percent. The community colleges, however, during this period saw their State and local funding increase by only 16.2 percent, from $1.6 billion to $1.86 billion.

Once again, the evaluation of the community college's plight depended on how the data were interpreted. Deukmajian and his supporters said that SB 851 was being fully funded and that additional funds had been provided to districts with student losses. Even though total support had not risen greatly, the amount per student had gone up 41 percent during the Deukmajian years. State Chancellor Smith said, "The governor has provided maintenance level budgets for us. He's not given us enough to make changes or undertake new programs." Many community college officials were critical of the governor's record in private but had toned down their utterances in public, because, as one lobbyist put it, Deukmajian "is thin-skinned about any criticism." State Senator Hart observed that the Governor had not provided any leadership on the reform of the community colleges. Deukmajian "found a system in disarray and he's not done anything to help." When the Legislature passed funding for community colleges to expand their testing and counseling programs, the Governor vetoed it (Savage, October 1, 1986).

The difference between community colleges and the other two segments of higher education was even greater in capital funding than in operational support. Of the total $275.9 million capital outlay budget for higher education in 1986-87, the Governor included $29.5 million, or 10.7 percent, for the 106 community colleges. The nine UC campuses got $140 million, or 50.7 percent, and the 19 CSU institutions received $106 million, or 38.4 percent

[10] In contrast to his narrow victory over Bradley in the 1982 election, Deukmajian scored a stunning defeat over his adversary four years later, with a 61 to 31 percent vote. The winning margin was the largest in 36 years, and Deukmajian received the votes of one out of three Democrats (Ross, 1988; 84-85).

(Commission for the Review of the Master Plan for Higher Education, 1986c; 3). This worked out to an average of about a quarter of a million dollars for each community college, fifteen and a half million for each UC campus, and five and a half million for each campus of CSU.

When the Legislature sent the Governor its $37.5 billion budget for 1986-87, he vetoed $717 million of it, partly because he wanted to maintain a $1 billion reserve. Another of his reasons was that the Legislature had failed to pass a bill that would allow the State to reduce its payment to the Public Employees Retirement System (PERS) by $283 million. The administration insisted that $283 million in programs had not been vetoed but had been "set aside" until the Legislature passed the PERS bill. Included among the "set-aside" programs were $34 million for community colleges with declining enrollments and $21 million to begin the statewide matriculation program. Not for the first time had community college funding become a pawn in the Governor's maneuverings with the Legislature (Kerr, 1986; 457-61).

Voters endorsed a lottery to help finance education in November, 1984, and the gaming measure was in operation by October, 1985. Thirty-four percent of the lottery proceeds went to the education, with UC receiving $7.5 million, CSU $13.6 million, and the community colleges $37 million during the first fiscal year, 1985-86. The purpose of the lottery was to "supplement, not supplant" the regular state appropriations, and UC and CSU spent their revenues on special projects. While community colleges attempted to restrict their use of the lottery proceeds, the urban campuses in particular faced such fiscal pressures that they were forced to apply the funds to more basic needs. Districts having to use the lottery money for essential purposes were now vulnerable to the whim of the gambling public, as well as that of the Legislature and the Governor. A cynic might suggest that human gambling instincts were the more reliable of the two whims. Besides, considering how the steadily mounting local property tax revenues were being used to offset the general fund portion of the State's appropriation, the community colleges were not altogether certain the lottery would be considered by the State as supplementary (Peebles, 1986).

Declining inflation and increasing revenues were now pushing the State perilously close to the Gann Limit. Concerned that Proposition 13 had not restricted governmental spending sufficiently, one of its sponsors, Paul Gann, had developed Proposition 4, which was passed by the voters in 1979. The initiative placed a limit, based on population growth and inflation, on how much revenues could increase. For several years after its passage, inflation grew so much and revenues so little that not much thought was given to the limitation. By 1986, however, even without any boost in tax rates, the strong economy was expanding revenues without causing any offsetting rise in inflation. Just how closely the State budget was nudging the Gann limit in 1986-87 was a matter of opinion, but the line was expected to be crossed the following fiscal year. Deukmajian had already announced that he intended to return any excess revenues to the taxpayers. Another alternative was to turn the additional funds over to local governmental entities which had not yet reached their Gann limit.

If community colleges were able to increase enrollments in the future, any rise in their percentage of total State revenues would pit them against all the other State programs, which also would be feeling the effects of limited funds. Increasing the portion that one State program received would not be so difficult if general revenues were growing, but as that growth leveled off the competition for State dollars would intensify. The community colleges' record in similar situations had been anything but enviable (Yoachum, 1986; 158).

The Joint Committee for Review of the Master Plan for Higher Education hoped to produce a legislative reform package by the end of the 1986 session, but was not able to do so. Two bills were passed in August, however, that at least made a start towards community college

reform. AB 3409, by Assemblyman Hayden, called for a legislative task force to study differential funding, with implementation to take place in the 1988-89 fiscal year. The task force was also to study ways to increase the accountability of the colleges by establishing clear-cut goals and providing financial incentives for meeting those objectives. Hayden said that the "performance indicators" might include the colleges' job placement and transfer rates. The bill also instructed the State Chancellor to form a task force to inform the Legislature regarding faculty qualifications, in keeping with the Master Plan Commission's recommendation to abolish the credential requirement (Business Services Division, 1986c; 18 and Woo, August 29, 1986).

The second bill was AB 3, sponsored by Assemblyman Robert J. Campbell, Democrat from Richmond, and Senator John Seymour, Republican from Anaheim. This legislation directed that a statewide "matriculation system" of assessment, counseling, and follow-up be developed, and once again provided the $21 million in funding that the Governor had vetoed from the community college budget. In January, 1987, the Board of Governors adopted an implementation plan that provided for matriculation to be phased in over a three year period, established minimum requirements and recommendations for each matriculation component, and described the basic roles for local districts and the Chancellor's Office in implementing the program. The Board further required each district to submit a comprehensive matriculation plan for approval before funds were allocated. The bulk of the initial matriculation funding was used to establish student information systems on which services could be based (Assembly Subcommittee on Higher Education, 1988; v; and Woo, August 29, 1986).

II. Governance

Meanwhile, the Master Plan Commission was still grappling with how the community colleges should be governed. As a part of their further consideration of this matter, the Commission had retained Frank M. Bowen and Lyman A. Glenny to conduct a study, which was published as Statewide Organization of the California Community Colleges and presented to the Commission in December, 1986. Commission members were still considering the option of replacing local boards with six or twelve regions and having only advisory boards for the individual colleges. Bowen and Glenny, however, came down strongly in favor of keeping the 70 local districts and forming the Board of Governors and the districts into a "regulatory coordinating system." They pointed out their recommendations did not call for "the drastic, dramatic, or radical changes that some people believe are needed." Nonetheless, they believed the results of their recommendations would be dramatic: "We envision a strong community college system that is unified by credible consultative procedures, by accurate [and] timely information, and by widely shared expectations of fiscal and educational performance." They called for an urgent end to the "vicious circle of diffuse, ambiguous authority and of detailed, restrictive legislative administration of State and local community college affairs."

Bowen and Glenny described the current situation as one in which the Governor and the Legislature did not consider the Board of Governors as "responsible statewide leaders of the community colleges," but as being "primarily a conduit for compliance reporting." Fiscal accountability was considered inadequate because a few districts had run up large deficits and the Board and Chancellor had not acted to avoid or reduce these deficits; the various units of the Chancellor's Office did not always speak to the districts in a unified voice; timely, accurate, and relevant information needed for State policy development and district planning was not available; and the Board and Chancellor had "yet to give the State and 70 districts an operational vision of the future that is the essence of policy planning."

Bowen and Glenny independently arrived at the same conclusion as had the Office of Legal Affairs, in Understanding Community College Governance. They said:

> To an extent almost unknown in the four-year segments, the Governor, the Legislature, and particular legislators act, not only as policy makers, but as active participants in the governance, organization, and management of the community colleges. . . Statutes that purport to set legislative policy for the community colleges are ambiguous, sometimes contradictory, too numerous, and too detailed in prescription, conditions evidencing policy disagreement among districts, the Board of Governors, and various statewide associations.

They found that the State Chancellor's Office was not appropriately staffed and organized for its responsibilities and that it lacked a statewide management information system. They recommended that, in forming the regulatory coordinating system comprised of both the Board of Governors and the 70 districts, the Board should be primarily responsible for "statewide policy, planning, research, and accountability" and the local district boards should "continue as governing systems, setting local policy, and exercising all responsibility not explicitly enumerated, defined, and delegated by the State to the Board of Governors." The Board of Governors should consult with the local districts and, as appropriate, with State agencies, in establishing consultation structures and processes for local district participation in the following:

(1) developing statewide policy;

(2) continuing to develop a statewide management information system;

(3) implementing "legislative directives for monitoring the fiscal condition of districts and for studying the feasibility of educational accountability"; and

(4) redirecting the current statewide comprehensive planning efforts.

The goal of these recommendations was "a statewide organization having the capability of providing vision, leadership, and direction for the 70 districts and the 106 colleges." This would not put an end to tension within the system, but "the tension will be constructive--will be contained within an educational organization with the consultative, informational, research, and planning tools essential for issue resolution." Bowen and Glenny placed considerable reliance on the ability of the Board of Governors and the local districts to work out the arrangements within this system, provided the State would delegate the authority and responsibility to the Board. They also said that if the State Board and the districts could not "work together to bring the existing, outdated organizational and managerial system into the present era of increased State concern and dynamic change" within a year or two, then the Legislature should do so (Bowen and Glenny, 1986; 1-9 and 92-94; Bowen and Glenny to Kerschner in Bowen and Glenny, 1986; and Washington, December 4, 1986).

III. Funding, 1987

On February 10, 1987, Dr. George R. Boggs, superintendent/president of Palomar Community College District, testified before the Education Subcommittee of the State Senate Budget Committee. Palomar, located midway between Los Angeles and San Diego, was a fairly small district and had suffered the same vexing problems as many other districts in the state. It had lost enrollment and budget, had relied on stabilization funds and then been

disappointed by receiving only a small portion of these moneys. Finally it started to grow again, but was not adequately funded for that growth. Boggs' testimony was an exemplary expression of the frustration at all community colleges in California:

> The State is asking community colleges to be more accountable and to plan more effectively. Effective planning is difficult when the colleges have to second-guess Sacramento. Not only do we appear to have no local say in what the rules will be, but they also change after the game has begun. We are being held accountable to operate institutions in an environment over which we have little control. . . .
>
> The State's community colleges continue to receive conflicting or contradictory signals from Sacramento. We are told to convert our large part-time teaching force to full-time status, yet the funds are not provided. We are told to improve the quality of our educational programs, but we don't have the resources to offer sufficient sections of essential core classes. We are told to provide data to show how successful our programs are, but we don't have the resources to staff an institutional research office adequately. We are told that archery is a recreational course at community colleges, but not at the universities; as a result, the university athletic departments no longer have to compete against a Palomar College team that consistently won in national competition against major universities. We are told to be comprehensive, yet we are criticized for being all things to all people. We are told our transfer function is in trouble, yet half of the graduates from CSU have attended community colleges. We are told that part of our mission is to provide important vocational programs (like nursing and electronics) for our communities, yet these more expensive programs receive less State support because class sizes must be smaller. We are told that lottery income will be added to our apportionments to enhance our educational programs, yet it is calculated as part of our statutory COLA. . . . We are told the State is not satisfied with our governance or mission, but after a year and a half of study, we have not heard whether recommendations of the Master Plan Review Commission and Joint Legislative Committee to Review the Master Plan will be approved (Boggs, 1987).

The conflict over PERS funds and school and community college funding was rejoined in the Spring. Similar bills that would restore $76.2 million to the public schools and $22.9 million for community college stabilization were making their way through the Senate and the Assembly during February and March. The Los Angeles District would have received $8.9 million of this stabilization funding. As he had done previously, the governor threatened to veto any such legislation. He said, "Neither bill identifies a specific funding source," and he labeled any legislation without that ingredient "a hoax." The Democratic leadership was optimistic that a recently announced $466 million increase in State revenue could provide the additional money for school budgets. The Administration argued that the revenue gain might merely be a temporary one, caused by taxpayers filing early income tax returns to take advantage of large deductions during the last year of the old tax law.

One of the bills, Senator Barry Keene's SB 137, received bipartisan support, was passed by both houses of the Legislature, and sent to the Governor. On March 27 Deukmajian vetoed the bill, accusing the legislative leadership of failing to pass legislation "redirecting surplus funds from the PERS fund" and of giving "higher priority to the complaints voiced by the California State Employees Association than it does to funding education." In April, Senator Keene attempted to organize an override of the Governor's veto. In spite of

evidence of a mounting State surplus, however, Senate Republicans blocked the override. Meanwhile, many schools and community colleges were in financial trouble. State Auditor General Thomas Hayes reported the results of a new survey to the Little Hoover Commission on March 24. The survey stated that nearly one-fourth of school districts, community colleges, and county education offices had such low reserves that unexpected financial problems could force them to seek emergency State loans. Hayes also said the State had already approved $23.9 million in emergency loans to 12 local educational agencies since the 1981-82 fiscal year (Geissinger, March 25, 1987; Gillam, March 12, 1987; and Sweeney, March 27, 1987 and April 22, 1987).

IV. The MPC and the JLC

As Superintendent Boggs said in his February testimony, the State's decisions concerning community college mission and governance were a long time in coming. The draft report on community college reform of the Joint Committee for Review of the Master Plan had been gestating for nine months when the final report was released on March 5. The chairman of the committee, Assemblyman John Vasconcellos, characterized the reform package as "not bold in the sense of radical." What he considered remarkable was that both Republican and Democratic members of the panel had unanimously endorsed the proposals. He was optimistic that the bipartisan support would get the governor to agree to pay the estimated $50 million cost of the reforms.

The report said

> the state's future as a healthy and free, diverse and creative society, depends in no little part upon the commitments expressed through and in the community colleges. . . . [T]hey are the route to higher education for the majority of our people, they provide access to language and citizenship for tens of thousands of immigrants annually, they retrain workers in an economy changing more rapidly than any in history, they are the last hope for older citizens seeking skills and involvement in their communities.

The report reviewed economic and demographic projections to the end of the century and observed that they could "lead to the possibility of an increasingly stratified society," including "a 'permanent underclass,' mostly minority, and a semipermanent semi-employable stratum of low-skilled workers." The report was committed "to an alternative vision, in which California remains a place of opportunity and hope, where innovation and creativity mark our economy and our culture, where the minds and spirits of all our communities contribute to our common future." The report said "The Community Colleges will be at the heart of whatever effort we make to insure that the future is equitable and open, that California's economy remains open and growing" (Joint Committee for Review of the Master Plan for Higher Education, 1987; 1-2; and Woo, March 6, 1987)

On governance, the Joint Legislative Committee (JLC) report did not vary much from the recommendations of the Master Plan Commission (MPC) in its report on community colleges, The Challenge of Change, issued a year earlier. Both were attempting to strengthen the Board of Governors without taking on the 70 local districts. The JLC report said the Board of Governors already had broad authority granted by the Education Code and granting such authority recognized the Community Colleges as constituting a system of higher education. It proposed, however, to make that organization explicit by creating "the California Community Colleges, a postsecondary education system which shall consist of the Community College Boards established pursuant to law, and the Board of Governors

of the California Community Colleges." The JLC agreed with the MPC that changes were needed in the structure of the Board of Governors. It recommended 13 members be appointed by the Governor, subject to Senate confirmation, and two to four of these should be former elected members of local boards of trustees. In addition, the Board would have the Governor, Lt. Governor, Speaker of the Assembly, Superintendent of Public Instruction, and State Chancellor as ex-officio members, plus one voting student member and one voting faculty member. Members were to be appointed to staggered six year terms (Joint Committee for Review of the Master Plan for Higher Education, 1987; 30).

While The Challenge of Change had taken a middle-of-the-road position on governance, it was still an open issue for the MPC. When the MPC's final report, The Master Plan Renewed: Unity, Equity, Quality, and Efficiency in California Postsecondary Education, was issued in July, it proposed a strengthened Board of Governors. The MPC said it had "determined that the Board of Governors must be delegated primary responsibility with respect to academic and financial administration of the colleges and that a direct relationship between the Board of Governors and the districts is necessary." The system recommended in the report was to be "administered as a unified state-local system by the Board of Governors. . ." The report said that while the Board would undoubtedly "delegate many of the responsibilities already assumed by the local district boards, the districts will now be directly accountable to the Board for implementation of statewide policy."

The MPC final report also said community colleges would be "funded by the state through the annual budget act according to standards and workload measures appropriate to their status as postsecondary institutions." The Board of Governors was to be authorized "to allocate state support among the districts and colleges according to rules and regulations to be established by the Board." Further, the MPC recommended that "The statutory provision limiting the annual increase in state support for the Community Colleges to the percentage growth in the state's adult population shall be repealed by the Legislature, but the Board of Governors shall be responsible for guarding against sudden unanticipated increases in enrollment that strain state funding resources."

The JLC report in March agreed with the differential funding recommendation that had already been included in the MPC's The Challenge of Change. In contrast to the simple, straight-forward passage quoted above from the MPC final report, the JLC called for convening a task force to develop recommendations, and still included pages of specifications for the differential funding mechanism. Of course the JLC was looking forward to the time when the Legislature would be framing this recommendation into law. However, this was one indication of the difference between the two final reports. The MPC realized that much of the power that needed to be transferred to the Board of Governors to make it like the other higher education governing boards would come not so much from the local district boards as from the Legislature itself. Another difference between the two final reports, regarding finance, was that the JLC report did not deal with the issue of the growth cap. While community college officials, including State Chancellor Smith, generally endorsed the JLC report, the proposals that raised the most concern at community colleges were those dealing with finance (Commission for the Review of the Master Plan for Higher Education, 1987; 19, 42-43; Joint Committee for Review of the Master Plan for Higher Education, 1987; 35-39; and Woo, March 6, 1987).

The JLC report was consistent with both MPC reports concerning the mission of the community college. Transfer and vocational education were the "Primary Missions" of the community college, remedial and English as a second language were "essential and important functions," fee-based community service education was "an authorized function," and "excellent student services programs" were "essential and important parts of the Community Colleges' capacity to perform their functions and meet their goals." The

proposals on "access/success" had changed little from the JLC's draft report, which had taken into account the reaction to the MPC's mandatory testing and placement proposal. The final JLC report replaced that proposal with assurances that "a mandatory assessment and counseling system is intended to facilitate, and not to restrict, access to college instruction." The report also dealt with replacing the credentialing system with a new system of qualifications, planning for stronger faculty and staff affirmative action programs, creating a fund to improve the full-time to part-time teacher ratio, reviewing and revising the tenure system, and planning for the strengthening of the professional development programs (Joint Committee for Review of the Master Plan for Higher Education, 1987; 4-28).

One MPC recommendation that drew fire when it received a public airing in May was that the primary responsibility for the growth of lower-division enrollment be placed in the community colleges, rather than in the two university systems. The original Master Plan had asked UC and CSU to reduce lower-division enrollment to 40 percent of total undergraduate enrollment by 1975, and the goal was met by both systems. As the pool of high school graduates dwindled in the late 1970's and early 1980's, however, UC and CSU attracted an increasing percentage of eligible high school graduates, fewer of whom registered as full-time students in community colleges. The Commission's final report agreed with the original policy and stated:

> The Community Colleges have the physical capacity and, with the reforms that have been recommended by this Commission, will have the academic capacity to absorb a large increase in lower-division transfer enrollment at substantially less cost than the University of California or the California State University. The Community Colleges will be revitalized by a rebuilding of their transfer programs.

The report said that 39 percent of CSU undergraduates were lower division, thus was within the recommended limit. UC had 46 percent, which meant steps needed to be taken to reduce its percentage of lower-division students. Initially, the University of California opposed this proposal, but by the time the final MPC report was issued, UC accepted the Commission's recommendation. A University official said, "What we like about the whole report is that it places strengthening of the community colleges at the forefront of the agenda." (Commission for the Review of the Master Plan for Higher Education, 1987; 13-14; Woo, July 22, 1987).

V. The Governor's Support

On May 16, Governor Deukmajian pledged to increase the community college appropriations for 1987-88 by $140 million. He said he would boost community college spending by 7.6 percent over what was allotted in 1986-87, for a total budget of $1.85 billion. He had originally proposed a 3.6 percent increase. The Governor's generosity with the colleges was made possible because revised estimates indicated revenue collections could be $1.5 billion or more over previous projections. Deukmajian explained that his decision to provide the extra funding was based on the cooperation of college officials in devising a long list of reforms. While Deukmajian had not endorsed the reforms developed by the Joint Legislative Committee or the Master Plan Commission, he listed a number of the recommendations as "useful." When Chancellor Smith communicated the revised budget figures to the state's community college superintendents and presidents, he wrote, "It would seem that quiet diplomacy and negotiation have paid off for community colleges

for 1987-88" (Smith to Superintendents/Presidents, May 20, 1987; and Wolinsky, May 17, 1987).

Deukmajian gave a more complete picture of where he stood on the Commission's recommendations for community college reform when he spoke to the Board of Governors on May 29. It was the first time he had addressed the Board and the only time any governor had attended one of its meetings since Ronald Reagan. Deukmajian told the Board that his administration is "totally committed to giving the community colleges the support they need and deserve." He said that he supported "the basic directions recommended by the Master Plan Commission, particularly in the areas of student access, academic standards, quality programs and strengthening of faculty." He also favored strengthening the role of the Board of Governors and the State Chancellor. His appearance at the meeting and his speech gave encouragement to community college educators. Hillary Hsu, chancellor of the San Francisco Community College District, said, "I hope this is a turning point, not only financially for community colleges, but as a turning point in the recognition of the role community colleges play in the economic development of the state" (Tachibana, May 30, 1987).

The Legislature tried one last time to restore the school and community college funding Deukmajian had vetoed. This time, the Assembly Bill, sponsored by Theresa Hughes, a Democrat from Los Angeles, was passed by both houses and sent to the Governor on June 4. Hughes said it was a compromise bill, worked out with the administration, and was financed from a variety of sources. A week later, the Governor finally signed the legislation, and stabilization funds were restored to the community colleges (Gillam, June 5, 1987 and Ingram, June 12, 1987).

VI. Chancellor Smith's Resignation

The Master Plan Commission had completed its study on the community college and presented its recommendations in The Challenge of Change. Its final report on revising the Master Plan for the whole of higher education was issued in July. The Joint Legislative Committee had published its final report on the community colleges. The Governor was sufficiently satisfied with the progress that had been made and the community colleges' acceptance of the reform proposals that he exhibited a new friendliness toward the colleges by increased funding and his speech to the Board of Governors. Late in 1986-87, the Legislature extended Senate Bill 851 for two years to provide community college funding while a new allocation system could be devised. The Legislature also extended the $50 general student fee for another four years. When the fee bill was debated in the Assembly, the Los Angeles Times described the argument over the measure as "reminiscent of the floor debate four years ago." Even so, students had by now become accustomed to paying the fee and community colleges had come to rely on its revenues. Opponents of the fee were unable "to mount as fervent an effort to defeat the proposal" and it passed the Assembly and Senate and was signed by the Governor (Paddock, June 2, 1987).

Before the end of 1986-87, the bulk of the Joint Legislative Committee's recommendations were incorporated into legislation by JLC Chairman Vasconcellos and designated as Assembly Bill 1725. This bill faced more than a year of debate and revision before it was passed into law in September, 1988. Even so, some of its major provisions did not become effective immediately, and differential funding was not instituted until three years after its passage.

On August 13, 1987, Dr. Joshua Smith, who had assumed the State Chancellorship in September, 1985, announced he was resigning. He would continue as Chancellor through September and later would begin his new job as president of Brookdale Community College in Lincroft, New Jersey. Smith's transition from New York to California had not been without difficulties. In an interview with Change Magazine, he said he had "underestimated the degree to which California's community colleges have isolated themselves from the rest of the community college sector. They are pretty xenophobic." Many of his problems were caused by the bureaucracy in Sacramento. He had been frustrated in his attempts to reform and modernize "The Chancellory" because of the many civil service, purchasing, and other restrictions that came with being a unit of State Government. What he had accomplished had "all been done after pulling and tugging with control agencies." Smith's main frustration, however, was his lack of progress in reforming the California Community College system.

In his resignation statement, Chancellor Smith expressed his appreciation to the Governor and legislators "on both sides of the aisle." He thought the new budget was the best one since Proposition 13. Then, he said, "In the final analysis, though, I would also hope that the Governor and the Legislature will come to the understanding that the time for change was yesterday." His ideas had been quite consistent with the recommendations in the community college reassessment study submitted by the Master Plan Commission to the Legislature in April, 1986. Smith had "expected that these changes would move swiftly after that, but I have been disappointed." He felt that the reform bill, AB 1725, which was slowly making its way through the Legislature was lacking certain provisions that were of "crucial importance." He had "not been successful in convincing the Joint Committee and members of the Legislature that the key ingredient to making reform work is a restructuring of governance." He anticipated that "the governance question will not be resolved this year--leading me to the conclusion that since I have been unable to convince the Legislature of the necessity for change, then it is time to pass the torch of leadership to someone else" (Bernstein, 1987; 24-25; and Joshua L. Smith, "Statement to the Press," August 13, 1987; 1-3).

Chapter Seven: Summary and Conclusion

I. Summary: Mission

Even before the advent of Proposition 13 the State of California invoked policies related to mission to restrict its financial obligations to community colleges. Believing that adult education was less expensive to offer and of somewhat less importance than educating younger students, the State required that certain enrollments be reported as "defined adults" and provided a lower level of funding for this category. When this limitation was relaxed in 1973 the ensuing spurt in enrollments caused Governor Jerry Brown and the Legislature to institute a cap on enrollment growth in 1975. Brown, a former member of the Los Angeles Community College Board of Trustees, thought community colleges were offering too many frill courses, as well as duplicating too many adult school offerings.

After the State of California assumed major responsibility for funding community colleges, the controversy over their proper functions sharpened. But, was the funding debate fueled by the mission controversy, as Economists Breneman and Nelson suggested, or the other way around. When the legislature decided to "defund" $30 million worth of fine arts and physical education courses in 1982, the Board of Governors discovered the dollar goal could not be reached since colleges had already shifted so many of these courses to a fee basis. The legislature stood firm on the $30 million figure, whether or not the curricular reform as originally proposed could produce it. Nevertheless, by the time the state's financial fortunes had improved in early 1984, little doubt remained that the mission of the colleges was an issue that transcended mere funding matters. At least that was the position of Governor Deukmajian and his Republican allies in the legislature.

This controversy over the guiding philosophy for the community colleges involved not only Republicans and Democrats in state government but also members of the Master Plan Commission and leaders within the institutions themselves. And, the college curriculum was not the only issue. The philosophies were in conflict over how accessible colleges should be to students and how educationally permissive they should be once students were admitted. A consultant to a legislative committees told a journalist in 1985 that Democrats tended to view the colleges "like a branch of the social welfare system." From this point of view, no fees should be charged. Students should not be subjected to requirements such as maintaining a "C" average, being restricted from repeating classes or from dropping out whenever they wished without penalty. The Republicans, on the other hand, pushed for more restrictive standards, such as students paying a part of the costs and maintaining minimum grade standards. Many Democratic legislators and community college advocates would have denied that the issues could be drawn this simply, but the characterization indicates the broad areas in which differences existed.

History can shed some light on this controversy. Community colleges in California, probably more so than in any other state, were seen not only as growing out of public school systems, but as continuing to be a part of them. In law, as well as in practice, community colleges had the dual role of being part of both the public schools and the postsecondary educational system. If community colleges are seen as offering the 13th and 14th grades, as opposed to the freshman and sophomore years of college, then what the "liberals" were trying to protect was not a "social welfare" institution, but what was commonly accepted practice in the public schools. There, students do not pay tuition, nor

are they expelled for less than a "C" average. They can repeat classes and, while attendance is theoretically mandatory, they do in practice drop in and out of classes.

By 1981 the California Postsecondary Education Commission realized that the goals of the community colleges had to be reexamined. Its report, "Missions and Functions of the California Community Colleges," was issued, not because of financial problems, but because of questions concerning "the effectiveness of the Community Colleges in meeting the increasingly diverse needs of the adult population in California." The commission reviewed all of the issues raised in the mission literature about over-emphasizing continuing education at the expense of the effectiveness of the traditional functions of transfer, vocational and general education. They observed that many students already held bachelor's degrees, that pre-college level courses were offered, and that students were not completing college programs. At about the same time, UCLA administrator Gerald Kissler questioned the effectiveness of the transfer function in the community colleges and made many of the same points as the CPEC study. Neither CPEC nor UC were trying to tell the community colleges what to do, but encouraged them look closely at their goals, as well as their performance, to see what changes needed to be made. Many in the colleges reacted angrily. An extended debate ensued about what percentage of community college students transferred to senior institutions, as well as what the basis of that percentage should be: all students, or only full-timers, transfers, sophomores, etc.

State Chancellor Hayward was one of the leaders who told community colleges that changes would have to be made. After studying the mission question for a year, the Board of Governors issued a policy statement in 1983, which contained no surprises. Greater emphasis was placed on transfer education, on degree and certificate programs, and on student services, while remediation, basic skills, continuing and community education were still encouraged. The on-going problem of the community colleges was well expressed by California Association of Community Colleges President David Mertes, "Everyone is saying we have to cut back, but no one is saying where." By this time the legislature had organized the Master Plan Commission and the Joint Legislative Committee, so everyone was to wait for them to solve the colleges' dilemma.

Regardless of loud debates over the transfer function and withering criticisms of community colleges about laxness, the fact of the matter was that major, substantive educational reforms were quietly being effected. They were guided by new regulations from the Board of Governors and encouraged by state leaders like Hayward, but much of the impetus came from within the colleges themselves, where many recognized that the time for change had come. These reforms included tougher grading standards; revised graduation requirements; new proficiency requirements in reading, writing and math; comprehensive assessment and course placement programs, designed and implemented by colleges; switching avocational and recreational classes to a fee basis; and restricting repetition of credit courses. The nature of the reforms and the ways in which they were accomplished meant that they did not receive major attention by the newspapers nor, unfortunately, by those who had been so vocal in demanding them.

The recommendations of the Master Plan Commission concerning the programs of the colleges were as unremarkable as had been the Board of Governor's mission statement. The Commission reaffirmed that the highest priority and the primary functions were "the provision of rigorous, high quality lower division instruction for students who wish to obtain associate degrees, transfer to a four-year institution, or prepare for an occupation." Remedial education was an important function and State-funded, non-credit, adult education, as well as fee-based community education, were authorized functions. What was new was that the three segments of higher education were "to cooperatively develop

and maintain a general education transfer core curriculum" that would assure transfer to senior institutions.

The more controversial mission issue was how students would be admitted to the community college and in which courses they would be allowed to enroll. Critics had said that too many spaces in class were taken up by students who did not have the necessary skills to profit from the courses. The legislature faced the problem of attempting to establish just who was currently being served. In December, 1983, the California Postsecondary Education Commission released a study describing the typical student as a relatively prosperous white woman returning to college to improve job skills or to pursue some personal interest. The study was castigated as relying on a non-representative sample and the State Chancellor's Office commissioned another survey. It found that the typical student body was "comprised of ethnically mixed, below average income, older, part-time, working students. . . ." It was around this issue of which students should be served that the philosophical conflict revolved. Republican legislators favored setting an academic floor for admission to classes, while Democrats fought for the traditional open door, through which students could move into almost any class that they chose.

The Commission's final report upheld the tradition of open access to the community colleges. But this was to be combined with "clearly defined academic standards," "minimum academic skill levels appropriate for the different types of courses," and stronger probation and dismissal standards. Also called for was "a mandatory assessment, counseling, placement, and follow-up program." Inadequately prepared students were to be provided access through non-credit remedial programs. This course work was limited to thirty units, except for English-as-a-Second language and learning disabled students, and counselors could request waivers for students making significant and measurable progress. Opponents criticized as elitist the proposal that testing would be the basis for placing students into remedial courses, instead of being used merely to advise students. They felt that this would discourage many blacks, Hispanics, Asians, and new immigrants from attending the colleges. But mandatory placement was in keeping with the views of State Chancellor Joshua Smith, who came from the less liberal tradition of the eastern states. Smith said, "We must bring them into the colleges, assess them carefully, place them in the correct classes. . . ." He was concerned that the open door was often a "revolving door."

The Joint Legislative Committee went to great lengths to respond to the complaints about mandatory testing and placement. It said that "a mandatory assessment and counseling system is intended to facilitate, and not restrict, access to college instruction, and to further enhance student awareness of his or her own abilities." This was to be done in a variety of ways, including evaluating assessment instruments, using personal assessments, and assessing both cognitive and non-cognitive skills. In essence, the committee was allowing the option of colleges using the tests for advisory rather than mandatory placement purposes.

The mission of the community college was the subject of a great deal of controversy during the crisis years, but it was not the source of the crisis. The mission had been and was still ambiguous and expansive; however, it shared this quality with other segments of higher education. Deep-seated differences had always existed about how inclusive or exclusive, about how permissive or prescriptive the colleges should be.

What happened during the crisis was that the transfer of the primary funding responsibility to the state and the subsequent shortage of revenues brought all of the existing controversies into focus and required that some changes be made. The individual college districts did not always make the requisite changes as quickly as they should have and indeed often opposed them with all their political might. By the same token, the various

elements of State government did not agree about what changes should be made and often sent conflicting and inconsistent messages to the colleges about what was expected of them. What was required was a governance structure for the community colleges that provided them with general policies established by the Governor and the Legislature. In terms of mission, the statement adopted by the Joint Legislative Committee was sufficiently specific. These general policies could be applied by a separate California Community College System to the functioning of the system as a whole and to the individual

II. Summary: Governance

This study illuminates three important points about state governance. The first is that what is referred to as the "State Level" needs to understood as being made up of numerous components. The present study makes references to the Governor and executive branch, the Legislature, the California Postsecondary Education Commission, the Board of Governors, the State Chancellor and his office, other state agencies, and special committees, such as The Little Hoover and Master Plan Commissions.

Another whole group of statewide organizations that are part of the State's governance system have not even been introduced. These include the California Teacher's Association, the California Federation of Teachers, and the State Academic Senate for the Community Colleges. No attempt will be made to describe each of these state elements.

The second important point about the State is that it had been heavily involved in the affairs of the community colleges since long before Proposition 13. Certainly State coordination and control increased considerably after 1978, and even more so during the early 1980's, but it was already extensive before that time. Legislators and their committees liked to make statements denying that they knew very much about the community colleges. This was understandable in the 1940's when one California legislator said, "We are ready to act, but we don't know very much about them" (Bogue, 1950; 145). But by the mid-1980's this kind of rhetoric was simply not credible. In 1984 the Assembly Special Committee on Community Colleges' report referred to "a system previously left unnoticed. . ." and that same year the State Senate Research Office issued a report they entitled, The Neglected Branch, the California Community Colleges (Simpson, 1984; i-ii). These institutions were hardly "unnoticed" or "neglected." The body of law relating to the community colleges amounted to some 3000 statutes by the early 1980's, and between 1978 and 1986 over 1750 provisions of the Education Code affecting community colleges had been added, amended or repealed. The problem was not so much one of overlooking the community colleges as it was of not understanding the system of governance for this segment of higher education and not determining how to improve it. As a publication of the Office of Legal Affairs put it, "Community college governance is probably the most controversial and least clearly understood of all issues currently facing California's community colleges" (1986; 1).

The third point the study has illustrated about the State is that the commissions investigating community colleges had just as much difficulty in understanding their governance as did the Legislature. The Little Hoover Commission's study attempted to answer what it called "one simple question": "Who is financially accountable and who is ultimately in charge of the $1.7 billion spent each year in support of our community colleges?" Its answer to this question was "No one is accountable and no one is in control" (Commission on California State Government Organization and Economy, 1986; vi). At a hearing conducted by the Master Plan Commission in 1985, its chairman, Gary Shansby, said, "It's crazy to have 70

different governing boards. We need a better way to govern the community colleges. The system just isn't as effective as UC or Cal State." Both the Little Hoover Commission's answer to its question and Chairman Shansby's statement are true (with the possible exception of his comparison with UC and CSU), but both of them are excellent examples of a lack of understanding of how community college governance operated.

Briefly, the three points about the State illustrated by this study are (1) state governance has many components that relate with the local districts in many different ways, (2) Legislators had been heavily involved with regulating community colleges for many years and what they really could not fathom was how to reform the governance system; and (3) state commission members were confused about community college governance for some of the same reasons as were the Legislators.

To understand the confusion about the community college suffered by the Legislators and the State commissioners, the two ways the state provides educational services needs to be described. These are, first, directly through state-run agencies and, second, indirectly through local entities that have been authorized by the state to provide certain services for a particular geographical area. The easiest way to understand what is wrong with the Little Hoover Commission's question and Shansby's statement is to apply them to other local entities chartered by the state. Would any knowledgeable individual ask, "Who is in charge of all the money spent by California cities and counties each year?" Or, would Shansby exclaim, "It's crazy to have all these cities and counties. We need a better way to govern localities. They just aren't as effective as Cal Trans or the Highway Patrol." No doubt Legislators have asked themselves such questions privately when dealing with the increasing costs to the State for cities and counties, but normally such questions and statements are not made about local services.

The problem with community college governance was that it was caught in a unique limbo between still being considered a local public school system and now being part of a state system of higher education. The Hoover Commission and Shansby considered that the community college governance system was comparable to that of UC or CSU. On the other hand, Legislators themselves were ambiguous in dealing with the community college, sometimes treating it like a segment of higher education, as they did on the free flow issue, but still treating it as a local public school system for governance and financing purposes. In California the latter condition resulted in a great deal of legislation and direct involvement on the part of the Legislature.

George Kieffer, president of the Board of Governors of the California Community Colleges, did an excellent job of explaining the dichotomy for the community colleges. He said that both state control and local control were needed, but that the real question was, "should that state control be exercised substantially by an independent state education board through a deliberative process or by the state legislature through a political process?" He admonished the Legislature to stop "acting like a 120 member community college education board," and to start making public policy. He appealed for the Board of Governors to be made "a quasi-independent agency. . . with greater budgetary authority. . . [Then,] the Board and Chancellor should delegate to local districts much broader discretion in the use of funds to meet purposes as set forth in the mission and broad policies of the Board" (1985, 2-9).

This same message was sent to the legislature repeatedly from a variety of sources. The Master Plan Commission recommended "That the Legislature increase the Board of Governor's authority" in several areas and reform it into the kind of "quasi-independent agency" that Kieffer had in mind. The State Chancellor's Office of Legal Affairs recommended that the Legislature should relinquish some of its authority over the

community colleges and allow the Board of Governors and Chancellor's Office to become a part of the community college system and provide it with leadership and direction (Office of Legal Affairs, 1986; 53-56). Bowen and Glenny, consultants studying community college governance for the Master Plan Commission arrived at the same conclusions:

> To an extent almost unknown in the four-year segments, the Governor, the Legislature, and particular legislators act, not only as policy makers, but as active participants in the governance, organization, and management of the community colleges. . . Statutes that purport to set legislative policy for the community colleges are ambiguous, sometimes contradictory, too numerous, and too detailed in prescription, conditions evidencing policy disagreement among districts, the Board of Governors, and various statewide associations.

The consultants recommended the formation of a regulatory coordinating system comprised of both the Board of Governors and the 70 local districts. The Board of Governors should be primarily responsible for "statewide policy, planning, research, and accountability," and the local boards "should continue as governing systems, setting local policy, and exercising all responsibility not explicitly enumerated, defined, and delegated by the State to the Board of Governors" (Bowen and Glenny, 1986; 1-9 and 92-94).

Throughout the crisis, elected State officials felt free to alter community college curriculum, to withhold funding over non-community college issues, and to attempt to force local districts to take specific actions. The Legislature, in defunding courses in 1982, had demonstrated, as State Chancellor Hayward put it, that "nothing was sacrosanct when the allocation of scarce resources was at stake." The Governor was willing to hold hostage the funding of community colleges, not only to force the imposition of student fees. He also used it as a bargaining chip in his conflict with the Legislature concerning the Public Employees Retirement System, over which the colleges had no control. The Senate wanted to use its approval of bail out legislation for the Los Angeles District to force the District to fill a Trustee vacancy through an election that would have cost nearly as much as the bailout funds would have provided. For his part, the Governor wanted to tie his approval of the bailout authorization to the District's acceptance of free flow between districts. One Los Angeles Assemblyman announced he would not support any community college funding until the District explained to his satisfaction why nursing programs were being reduced. Two days after a Grand Jury Report chastised the Board for not laying off enough teachers, the Joint Assembly-Senate Budget Conference Committee threatened to withhold the District's stabilization funds unless the District halted plans to lay off any teachers. A report by the District to explain its layoff actions originally was to be submitted directly to the Legislature, but this was changed to the State Chancellor instead. The committee's chairman said, "I really don't think we want to become the school board" (Werkman, June 6, 1986). But often that was exactly how some State officials acted toward the community colleges during this crisis period.

From the time of his appointment in April, 1985, State Chancellor Joshua Smith favored more state control. When he arrived in Sacramento to take up his duties he was shocked by the archaic conditions in the Chancellor's Office and the way its operations were subjected to numerous bureaucratic restrictions. Smith's professional experience had been in higher education systems where the community colleges were grouped with senior institutions, and he compared the California community colleges unfavorably with UC and CSU. The community college system, he said, was administered by "an emasculated board of governors endowed by the Legislature with awesome responsibilities and puny authority, forced to [exercise] its will through a Chancellor's Office that is completely controlled and run by the state's civil service bureaucracy." Without greater power for the Board of

Governors and the Chancellor's Office, community colleges would never have the degree of autonomy and influence state universities had (Glascock, June 15, 1986; Schmidt, April, 1986, 215; Shrag, January 23, 1986; and Werkman, December 16, 1985).

When Chancellor Smith appeared before a hearing of the Joint Legislative Committee in June, 1986, he observed that their draft was "overly prescriptive," that this would "add to the body of unexecuted law" already on the books, and that it indicated "the legislature intends to set itself up as policeman over bodies from which it expects action, but which it does not trust." He begged them "to make a leap of faith" and to respect "our abilities as professionals." He asked the committee to "reject the piecemeal approach and choose to reconstruct a badly designed structure." The committee proceeded to place its proposals into legislation known as AB 1725, which was slowly making its way through the Legislature, but Smith was so dissatisfied with the lack of progress that he resigned on August 13, 1987. Smith's resignation statement said that "the time for change was yesterday." He had supported the recommendations of the Master Planning Commission submitted to the legislature in April, 1986 and had expected swift action on them. He was disappointed that AB 1725 lacked provisions that were of crucial importance. He had "not been successful in convincing the Joint Committee and members of the Legislature that the key ingredient to making reform work is a restructuring of governance." Since he was "unable to convince the legislature of the necessity for change, then it is time to pass the torch to someone else" (Joshua L. Smith, "Statement to the Press," August 13, 1987; 1-3).

Early in the deliberations over community college governance, many of those involved agreed with Master Plan Commission Chairman Stansby that the problem resided in the diffuse arrangement spread over 70 local districts. As the situation was studied, however, maintaining local districts did not seem an insurmountable problem. The Division of Legal Affairs in the State Chancellor's Office, the consultants to the Master Plan Commission, and finally that Commission itself determined that a separate and functioning state system could be fashioned out of a strong Board of Governors and independent State Chancellor's Office, coupled with the local community college districts and boards. The real problem was a Legislature that claimed to be uninformed and neglectful, but in reality was stifling the community colleges with its direct overregulation. The president of the Board of Governors and the new State Chancellor shared a common vision of a system for the community colleges, comparable in strength and cohesiveness to the University of California and the California State University systems. It was the Legislature that refused "to make a leap of faith" and would not respect the community college leaders' "abilities as professionals."

The problem with the Joint Legislative Committee's recommendations and the ensuing legislation was not just what it left out, but what it contained. The Legislature could place into law the words: "It is the intent of the Legislature that the California Community Colleges be governed under an efficient and flexible system. . ." (California Education Code, Chap. 973, Sect. 2257), but it could not bring itself to relinquish the power necessary to enable this to happen. The Legislature--after all the sound and fury during the crisis in governance of the mid-1980's--never got the message, or failed to accept it.

III. Summary: Funding

Even before Proposition 13, the California State Legislature had attempted to rein in the cost of community colleges by funding "defined adults" at a lower rate. A changed funding mechanism in the early '70's inadvertently led to a surge of community college enrollments

that were brought under control by a cap instituted for 1975-76. The taxpayer's revolt, culminating in Proposition 13, was in response to escalating real property tax assessments and revenues and to the soaring costs of State and local services, including higher education. In a single day, the tax limitation measure carved out $7 billion, or 57 percent, of the expected real property taxes, and one-forth of all revenues for the State of California. Local public revenues, heavily dependent on real estate taxes, could no longer provide the major funding for the community colleges, and the State was able to assume this responsibility only because of its massive surpluses. The State's portion of community college finance jumped from 38 percent to 78 percent in one year. Community colleges went from last place to first among the segments of higher education in terms of State revenues appropriated for current operations. But Prop 13 was only the best-known result of the tax payer's revolt in California. It was quickly followed by Proposition 4 in 1979, which further limited public spending, by the indexing of the state income tax, and by the election of legislators and other State officials who were committed to fiscal restraint.

For the first year after Prop 13, the State funded community colleges through a block grant system that assured each district of at least 85 percent of the previous year's revenues, regardless of enrollment. The colleges encouraged the State to continue the block grants for the following year, but an enrollment-based funding program was instituted instead. Districts were given the same basic rate per ADA as the previous year, but enrollment increases were funded on a marginal rate equal to two-thirds of the basic rate; enrollment declines were funded at this same marginal rate. After considerable study and debate, a new funding system was incorporated into Senate Bill 851, which went into effect in 1983-84 and continued as the finance mechanism throughout the crisis years. A stable funding base was established for each district based on its prior year's funding and an index for inflation adjustments was established. Unfortunately for the community colleges, the funding mechanism could function fully only if the money to make it work was appropriated, and during its first year of operation the necessary funds were in jeopardy because of a conflict over mandatory student fees.

When the State's surplus was depleted in 1981, California and the nation were in the midst of an economic recession. This double calamity caused the State to look for any way possible to control costs and to find or increase sources of revenue. The State Senate twice proposed unsuccessfully to impose mandatory student fees for community colleges, but when George Deukmajian became Governor in January, 1983, he made this a top priority in his budget program. California was the last state in the nation that did not charge fees to all community colleges students, while fees at the University of California and California State University had been raised repeatedly to help augment limited State funding.

The Republican Governor and the Democrats in the Legislature, particularly the Assembly, entered into one of the bitterest and most prolonged battles in the history of California State government. Deukmajian's 1983-84 budget disregarded much of what he would shortly sign into law as Senate Bill 851. He provide no funds for growth, cost-of-living adjustments (COLA), or additional student aid, and then deleted another $110 million he said the colleges could collect through his proposed new student fees. When the Legislature passed its own budget--much more liberal toward the community colleges than that of the Governor--he vetoed $232 million of the appropriation. He said that when the fees were passed, some of what he had cut would be restored.

The debate over fees ranged throughout the state. The California Postsecondary Education Commission recommended "modest" fees. The Board of Governors held out for a time, then decided that all possible revenue sources, including student fees, should be considered in order to solve the "drastic and intolerable" financial crisis. Most community college leaders railed against the fees and the Governor, none more loudly and antagonistically than

those from the largest urban districts, led by Los Angeles. A poll indicated that a bare majority of Californians supported the Governor's $50 per semester fees, a quarter said they should be somewhat more or somewhat less, and another quarter wanted no fees.

The battle between the Governor and the liberals in the Legislature continued into the fall, with the community colleges already well along in their semester and suffering from the funding reduction. A compromise in September failed for a lack of three votes in the Assembly, and one community college chancellor said, "While the politicians wrangle, the community colleges twist slowly in the wind." The lost revenues caused a reduction in classes and enrollments of over eight percent, so that the impact of the funding crisis seemed even more severe than would have been the imposition of the first-ever mandatory student fees.

After the 1984 session of the Legislature opened in January, three weeks of negotiations between the Governor and the Democratic majority in the Legislature resulted in a compromise agreement. Nearly $100 million in funds were released to the community colleges in exchange for the imposition of student fees. These consisted of $50 per semester for six or more units and $5 per unit for less than six units. All other fees, estimated to be about $35 per year, were discontinued, so that average student would be paying an additional $65 per year. The fee went into effect the following September.

When Deukmajian first proposed the community college fee, his main justification was the State's financial problem. But as the controversy wore on, the economy improved and the State's revenues grew, so that eventually the Governor acknowledged that his fee proposal was based on philosophy, not on economics. By 1984-85, the State's fiscal picture was even better and Deukmajian's philosophical reservations about the community colleges became all the more apparent. The portion of the State budget for higher education dropped from 12.8 percent in 1981-82 to 11.1 percent for 1983-84, and during that time, student fees at UC rose by 79 percent and at CSU by 216 percent. But for 1984-85, the support of higher education increased sharply and for the first time ever the fees at UC and CSU were lowered. Compared to the previous year, the increase for UC was over 22 percent and for CSU nearly 21 percent. Even with State reserves at nearly a billion dollars, community college funding remained controversial. The Governor's veto of $43 million left community colleges with a ten percent increase or less than half the rate for the other two segments of higher education.

The community colleges protested the unequal treatment, pointing to the comparative increases for the rest of education since the passage of Proposition 13. When adjusted for inflation, between 1978 and 1985, the community colleges had received 34 percent, while UC got 96.8 percent, CSU 73 percent, and the public schools 60 percent. Whereas formerly primary and secondary schools had received about the same amount per pupil as community colleges had received per full-time equivalent student, now there was a difference of about 20 percent, with $2,592 for each community college student compared to $3,065 per public school pupil.

In 1985-86 the disparity between community colleges and the rest of higher education was not quite as great as for the year before. The University of California budget rose over 14 percent and the California State University went up more than 11 percent, while the community colleges got nine percent. The Governor once more reduced what the Legislature approved, this time by some $ 73 million.

A comparison between revenues for 1984-85 and 1979-80 demonstrates how the State had managed the support for community colleges since Proposition 13. Student fees, not yet imposed in the earlier year, now accounted for 4.5 percent of community college revenues;

local property taxes had moved from 22 to 27. 9 percent; and State funding had slipped from 78 to 67 percent. The overall funding had increased by an average of only 4.5 percent each year since 1977-78, while buying power had declined by 11 percent. If enrollment had not decreased this loss in buying power would have amounted to more than 20 percent. A State Chancellor's Office report concluded that "The State's funding mechanism has evolved over the years to one that protects the State against the possibility of large increases in the State's fiscal obligations and, at the same time, provides the opportunity for significant State savings as enrollments decline or property values and the resulting taxes go up" (Keating, 1985; 10-11).

The Little Hoover Commission examined the fiscal health of the 70 local districts for 1984-85 and found that one-quarter of them were operating under "questionable" financial conditions, while four districts had negative year-end balances. Those four districts--Chaffey, Lassen, Los Angeles, and Peralta--had practiced deficit spending for the last few years and the Commission concluded at least two of them, including Los Angeles, "did not make the tough decisions necessary to operate within a balanced budget." The Commission found a lack of accountability at both the State and local levels, which was of particular concern because now the State had assumed the responsibility for rescuing boards that overspent and managed poorly (Commission on California State Government Organization and Economy, 1986; i-vi, 1, 4-24, and 41-44).

At about this same time the Master Plan Commission recommended that community college finance should be brought more into line with the other postsecondary systems. The mechanism should be made more flexible by removing the formula from state statutes and giving the Board of Governors the power to establish rules and regulations for allocating State funding among local districts (Commission for the Review of the Master Plan for Higher Education, 1986b; 21-23).

A comparison of the final budget in Deukmajian's first term, 1986-87, with his predecessor's last budget, 1982-83, demonstrates his financial impact on education. During that four-year period, the funding of education went from $11.3 billion to $16.98 billion, a 52 percent increase. Support for the University of California rose by 61.2 percent, for the California State University by 43.1 percent, for the public schools by 51 percent, and for the community colleges by a mere 16.2 percent. Even though UC and CSU had received much greater percentage increases during the four years, community colleges still ranked as the largest item in the higher education budget, with an appropriation of $1.86 billion compared to UC's $1.79 billion and CSU's $1.36 billion. The Governor and his supporters said that Senate Bill 851 was being completely funded and that stabilization funds were being provided to districts with enrollment losses. Though total funding had not gone up much, they said, the amount per student had risen 41 percent during the Deukmajian years. Community college leaders remained unconvinced of their fair treatment by Deukmajian. State Chancellor Smith said, "The Governor has provided maintenance level budgets for us. He's not given us enough to make changes or undertake new programs" (Savage, October 1, 1986).

The difference in funding for the three segments was even greater in terms of capital outlay than it was for operational support. The total 1986-87 higher education construction budget was $275.9 million, and the Governor devoted $140 million or 50.7 percent to UC's nine campuses, $106 million or 38.4 percent to CSU's 19 campuses, and $29.5 or 10.7 percent to the 106 community colleges (Commission for the Review of the Master Plan for Higher Education, 1986c; 3). This worked out to an average of about a quarter of a million for each community college, $5.5 million for each CSU campus, and $15.5 million for each UC campus. The argument could be made that most community colleges needed little in the way of capital outlay because enrollments had not yet returned to

previous levels. Even so, capital funds were necessary for modernization and improvements, though not much for new construction.

The final year of the crisis period, 1986-87, included one more controversy between Deukmajian and the Democratic Legislature. The Governor wanted to maintain a $1 billion reserve and insisted that the Legislature reduce the State's payment to the Public Employees Retirement System by $283 million. To use as leverage against the Legislature, Deukmajian "set aside" an equal amount that included $34 million in stabilization funds for community colleges with enrollment losses and $21 million to begin a statewide matriculation program. The battle over stabilization continued for almost the entire fiscal year, with the Democratic Legislature passing supplemental funding legislation and the Governor vetoing it because he maintained that the source of funds was not acceptable. Meanwhile, the State's surplus continued to rise, but the administration insisted this was only a temporary phenomenon. Finally, in June, with the surplus at a solid $1.5 billion, the Governor acceded and the colleges received their stabilization funds as the fiscal year closed.

One financial issue that concerned the Master Plan Commission and the Little Hoover Commission was differential funding. The colleges had always been funded on the basis of the same workload measure as the public schools, average daily attendance. This was in contrast to the funding for the other segments of higher education, which incorporated other workload measures besides enrollment. An example of such measures was the total square footage of an institution, used as an indication of the support required for maintenance and operations. The Master Plan Commission final report said that the colleges would be "funded by the state through the annual budget act according to standards and workload measures appropriate to their status as postsecondary institutions." This would be accomplished through rules and regulations that would be established by the Board of Governors. In contrast to this simple statement, the Joint Legislative Committee report called for the convening of a committee to make recommendations on differential funding and included pages of specifications for the mechanism. Just as in the case of governance, the Legislature refused to relinquish control of community college finance and let the Board of Governors make the detailed decisions.

IV. Conclusion: The Continuing Crisis

Crises are inseparable from human life and institutions. As such their resolutions are never permanent. Economic crises are often viewed as phases in the cyclical nature of economic development. Some phases are more cataclysmic than others, such as the Great Depression of the 1930's, but they remain part of a natural cycle. The Revolutionary War won American independence from England, but left unresolved the unity and stability of the new nation. The Constitution dealt with those issues, but left unresolved the problems of slavery and states rights, which led to the Civil War, and so on.

A historian looking back from the perspective of the 21st century will undoubtedly consider the thirty years of growth and prosperity enjoyed by higher education after World War II as an unusually long, positive phase in what is basically a cyclical development. Those who had experienced nothing but positive conditions in their professional lives assumed that such conditions would continue indefinitely. The negative conditions of the late 1970's and early 1980's seemed to these individuals unreasonable and aberrant. By the time of the turn around for the California Community Colleges in 1986-87, these educators had been forced to accept a new outlook. They no longer held their previous faith in unremitting

growth and prosperity. Still, they welcomed the positive turn of events and hoped that moderate growth and improved funding would continue.

The 1981-87 crisis for the California Community Colleges was never fully resolved, but continues on until today. The state leadership never made the fundamental changes that were needed. Concerning State reform of community colleges, we asked the question: "Did the State establish clear policies about what the community colleges were expected to do and how they were to be governed, and then institute a funding system that would provide a reasonable level of resources to enable them to perform their revised mission?" Our conclusion is that this had not been accomplished by the end of the crisis period, nor with the subsequent legislation, AB 1725. The State skirted the issue of governance and refused to grant the Board of Governors, or the local boards, the powers they needed in order to be an independent system comparable to the University of California or the California State Universities. Differential funding, using standards in addition to attendance, was finally instituted, but the funding was never adequate, nor was the cap on growth for districts that had lost enrollment ever removed. The mission of the colleges continued to be vague and open-ended, and provided little guidance in case of future financial problems.

The State leadership needed to understand that many of their decisions had intensified the impact of the crisis, few of them had done much to bring the colleges out of the crisis, and none were sufficiently profound to guard against the effects of a similar situation in the future. The primary reasons the crisis seemed at least temporarily resolved was because of changing conditions in the environment. If the State leadership wanted to make changes that would enable the colleges to function more effectively, they needed to take decisive actions to reform the governance structures at the state level. Otherwise, when the environmental situation altered, as it was sure to do some day, the community colleges would once more be subjected to the deleterious effects of the continuing crisis.

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